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ECONOMIC PERFORMANCE OF  
PUBLIC FACILITIES IN  
YERBA BUENA CENTER

Prepared for  
SAN FRANCISCO REDEVELOPMENT AGENCY

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**Economics Research Associates**



Los Angeles, California

Washington, D.C.

**ECONOMIC PERFORMANCE OF  
PUBLIC FACILITIES IN  
YERBA BUENA CENTER**

Prepared for  
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February 9, 1970

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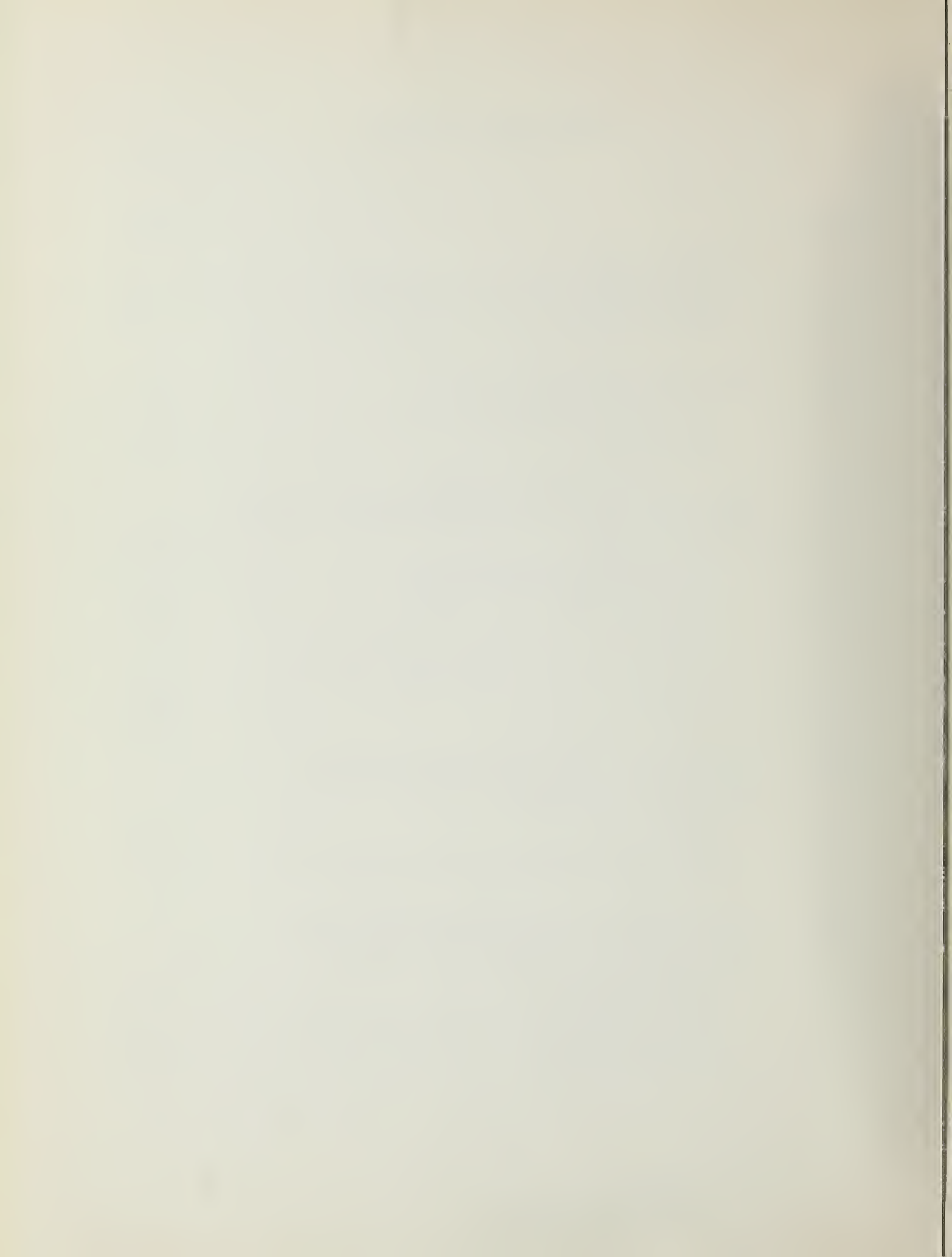




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## Section I

### INTRODUCTION

Over the past few years, private and public groups have expressed interest in the need for a major convention center, sports arena, and cultural facility complex for the city of San Francisco. Interest in such a complex has been generated for both economic and cultural reasons. A major source of interest has been derived from the current lack of facilities available to house large conventions, major sporting events, and musical and theatrical presentations. In addition, the city is interested in further developing its potential as a major convention location.

In August 1969, the Redevelopment Agency of the City and County of San Francisco retained Economics Research Associates to evaluate potential utilization and financial performance of certain public facilities proposed for Yerba Buena Center project. Major components of the public facilities program include:

1. Exhibit and convention facility comprising 350,000 square feet, with an additional 50,000 square feet of meeting rooms.
2. Sports arena with 14,000 permanent seats.
3. Legitimate theater with a seating capacity of 2,200.
4. Parking garage with a capacity of 4,000 vehicles.

As envisioned, these facilities would not only provide a cultural and community service focal point for San Francisco, but also would lay the foundation for subsequent redevelopment and rehabilitation of the designated area south of Market Street.





## RESEARCH OBJECTIVES AND METHODOLOGY

The primary study objectives were twofold: (1) to project facility utilization and therefore the financial performance for each component and the total complex; and (2) to recommend alternative methods of financing the proposed facilities. In meeting these objectives, the following methodology was employed:

1. Evaluation of existing event schedules in San Francisco and the Bay area to ascertain the nature and magnitude of the events which would move to the new facilities, the potential for attracting events presently housed in facilities outside San Francisco, and the potential for attracting new events.
2. Based on projected utilization schedules and a competitive rental program, the financial performance of each facility was derived.
3. Evaluation of alternative methods of financing within the context of the operational nature and financial performance of the facilities.
4. Review and evaluation of estimated construction costs to include a projection of building costs through 1980.

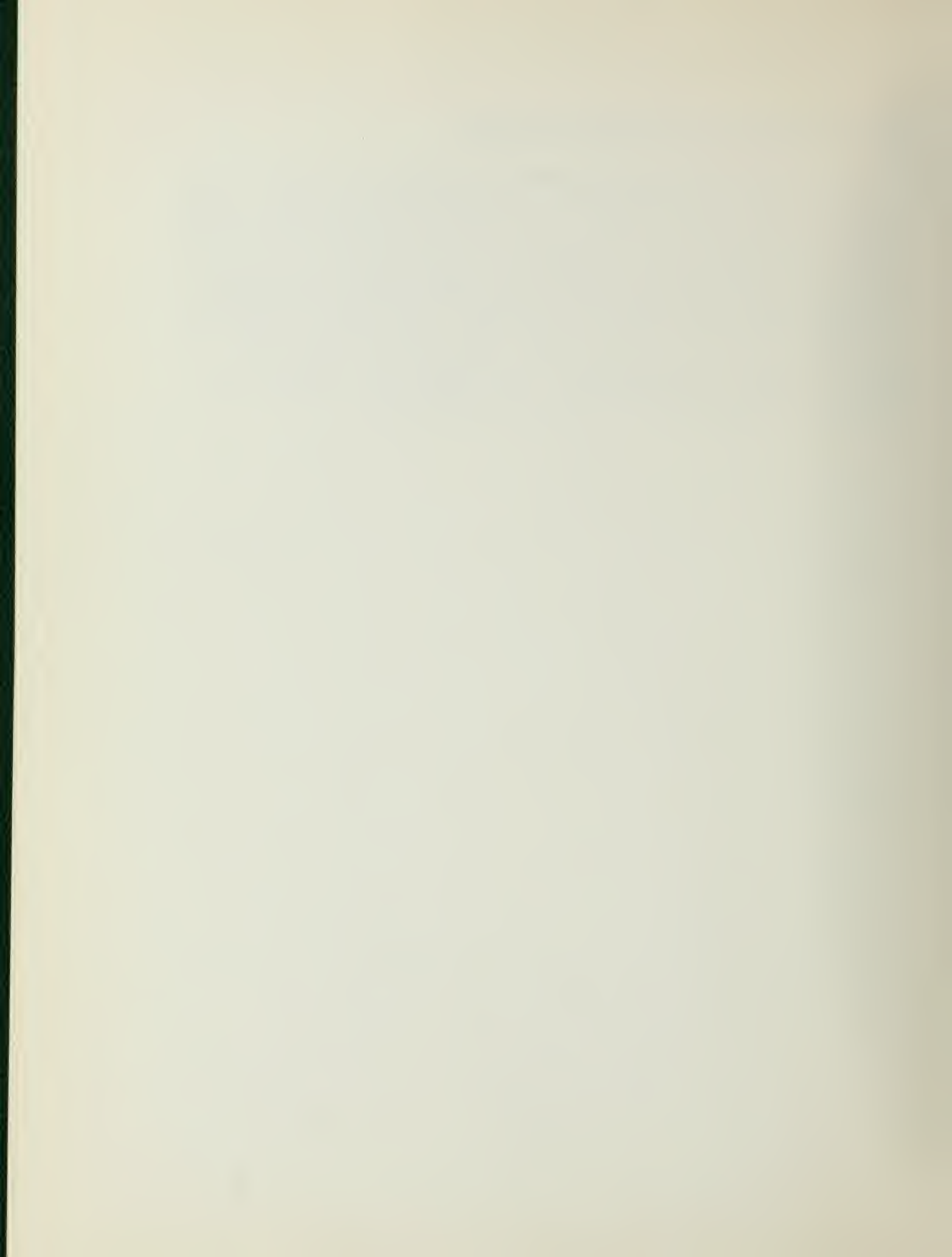
## REPORT FORMAT

Following this Introduction, a summary of major study findings is presented in Section II. Section III contains a discussion of the projected utilization and operating performance for the exhibit hall-sports arena. A similar discussion of utilization and operating performance for the theater and parking garage is presented in Sections IV and V, respectively. Section VI evaluates the operating performance for the total complex and presents alternative methods of financing. A review of estimated project construction costs is presented in Section VII.



## PROJECT TEAM AND ACKNOWLEDGMENT

This study was conducted under the administrative supervision of Harrison A. Price, President of Economics Research Associates. Paul Beers served as project manager. The research was performed and this report prepared by Charles Belotte and A. Redmond Doms, Jr., project leaders. During the course of the study, a large number of private citizens, public and private organizations, and public officials contributed most generously of their time and knowledge. Particularly valuable was the support, counsel, and advice of the Redevelopment Agency of the City and County of San Francisco and its Executive Director, M. Justin Herman. Special acknowledgment is due agency staff members John Dykstra, assistant executive director, and Mike Mann.



## Section II

### SUMMARY AND CONCLUSIONS

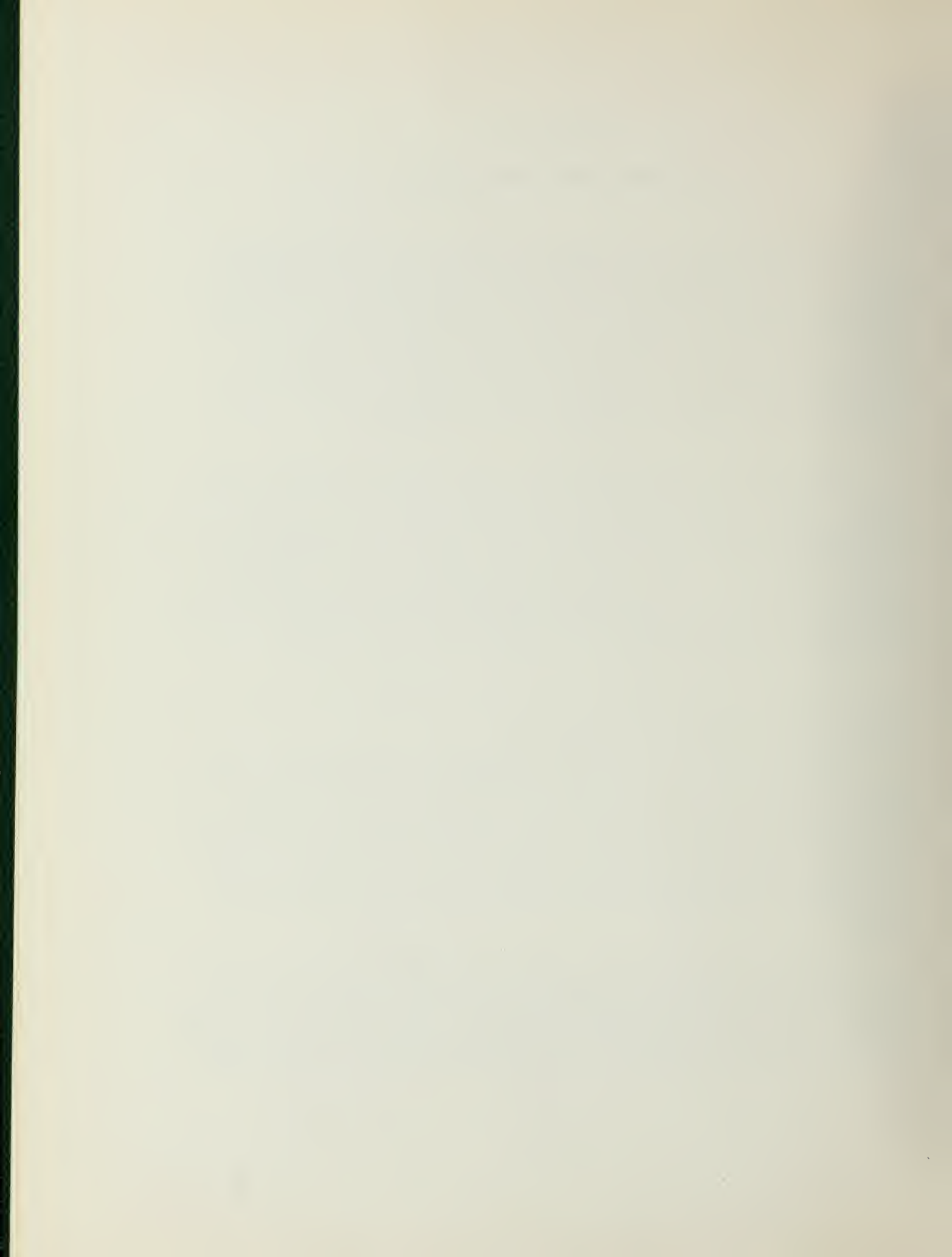
The benefits to a community provided by the facilities proposed for Yerba Buena Center are difficult to assess in purely monetary terms. It is also difficult to demonstrate the advantages to residents of having such facilities available. The civic pride stimulated by a favorable entertainment-cultural atmosphere is an economic asset to a community. It has a definite effect on maintaining resident loyalty and attracting new population and industry into an area. In addition, outstanding events do much to publicize a region, thus promoting tourist business and generating new money into a community.

Convention business has an even more important economic impact on cities. Convention delegates spend considerable sums of money on lodging, food and entertainment, and persons coming to a convention city as delegates and having a satisfactory time often return as delegates or tourists in the future. For these reasons, competition among cities for convention business is becoming more intense every year. With these factors in mind, the following pages contain a summary of the most salient findings of this research effort. Data supporting the judgments made can be found in the main body of the report.

#### TOTAL PUBLIC FACILITIES PROGRAM

The performance of the proposed public facilities must be evaluated in relation to the environment in which they will be developed. Concern with the environment will involve the future economic vitality of the community and will be useful in assessing the importance of the proposed facilities to the city of San Francisco. Also, the physical environment immediately surrounding the facilities must be regarded in terms of its relation to the effective functioning of the various proposed activities.

With the leveling off in San Francisco of such activities as retailing, wholesaling, and manufacturing in recent years, the service trade industry has become increasingly important. Hotels, motels, and dining and entertainment activities thus have enjoyed status as critical elements in the city's economy, and have underscored the need for quality public





facilities to generate business for the service trade industry. New convention activity (generated by such facilities), would increase the flow of money into San Francisco public accommodations, and eating, drinking, and entertainment establishments. Furthermore, as suburbia continues to expand, it is likely to develop its own public facilities unless demand can adequately be met by San Francisco. Thus, in addition to evaluating the proposed facilities in terms of civic need, their potential importance to the economic future of the city must also be considered.

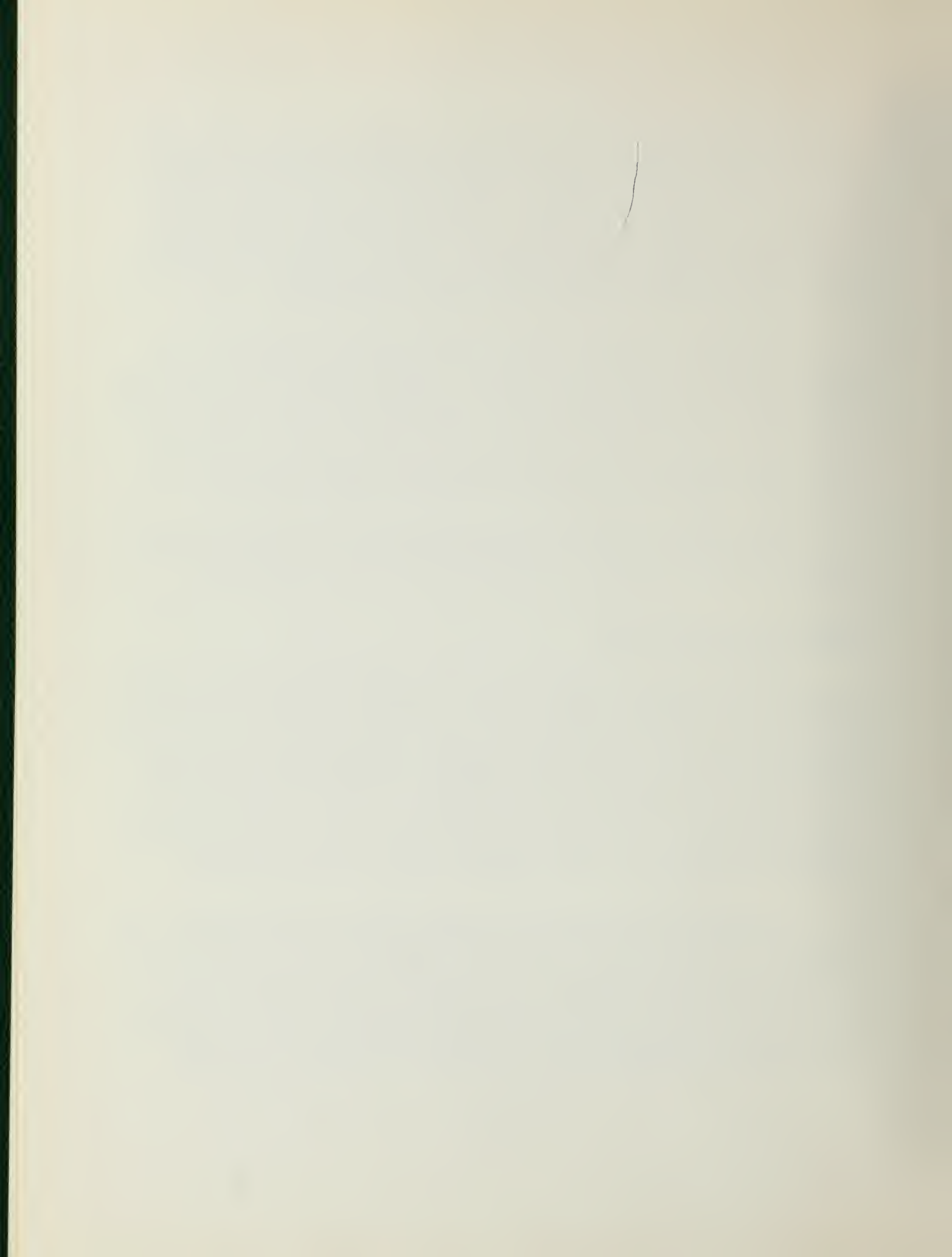
Irrespective of either public need or economic importance, the proposed facilities must be situated in a physical environment that will permit effective functioning of activities. Implementation of the redevelopment program as contemplated south of Market Street will provide such an environment. This area is optimally located with respect to transportation, access routes, and existing hotels and entertainment areas in the city. In the opinion of professional sports and concert promoters, the Yerba Buena Center location is quite suitable for these activities.

The summary of the operating performance and methods of financing the proposed facilities is presented in the following paragraphs.

#### Exhibit Hall-Sports Arena

Utilization and, therefore, economic performance depend in large measure on an existing, rather than new, schedule of events. There are few activities (with the exception of certain large conventions) which might use the new facilities that are not currently represented in the city; and existing facilities are not booked to capacity, indicating that new events are not at present being turned away because of lack of facilities. However, certain conventions that have been held in San Francisco in the past were inadequately accommodated by existing facilities, a situation which resulted in their loss to cities offering superior accommodations.

In addition to the potential afforded by the local event schedule, the exhibit hall could probably attract one or two very large national conventions per year which do not now consider San Francisco due to the absence of adequate facilities; however, it is unlikely that this number of new, large-scale conventions would be materially exceeded since the magnitude of such events in the country is now extremely small, and the number which rotate to the West Coast even smaller. In effect, considerable





demand for the exhibit hall will be generated from trade and consumer shows which presently are limited in their size by small existing facilities.

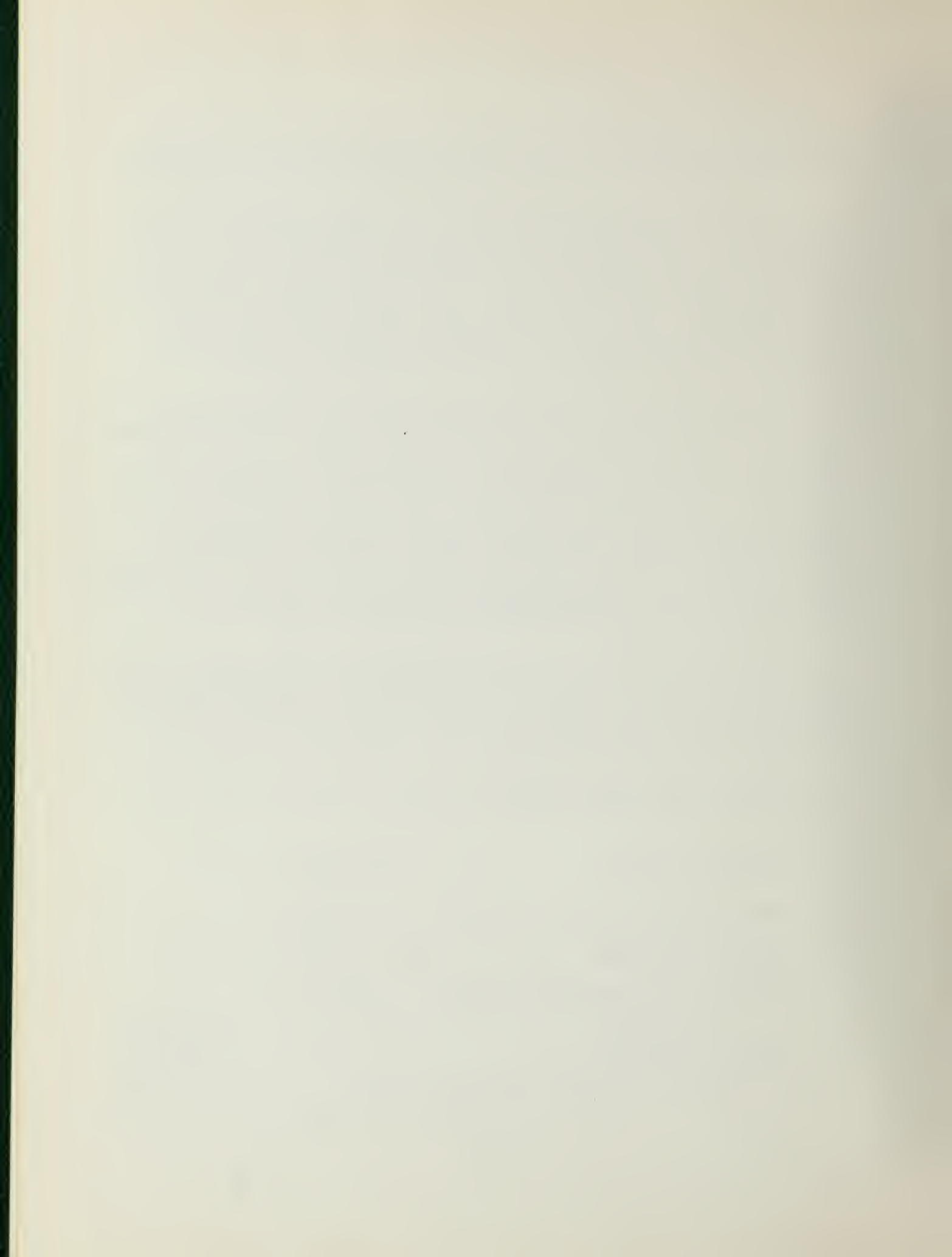
On the basis of event potentials and summary of the physical capabilities of major existing facilities in the city, a total of 74 use-days and 51 in-out days are projected for the exhibit hall. Based on a rate schedule of \$6,000 per day for the full hall and \$3,000 per day for half hall use, and in-and-out day rental of \$3,000 and \$1,500 for the full and half hall use, respectively, rental revenues are estimated at \$534,800. With a total of \$82,500 projected in net concessions revenue, estimated gross revenue during normal operation is projected to total \$617,300.

A total of 185 use-days is projected for the 14,000-seat sports arena. Professional basketball and ice hockey and the ice shows comprise nearly two-thirds of projected utilization, and the owners of the above teams and ice shows have expressed a strong interest in utilizing the new arena. New event demand, consisting of variety shows, headliners, and conventions, accounts for less than 15 percent of projected utilization. Based on recommended rental rates, which constitute a percentage of gross receipts after admissions tax, projected rental income for the sports arena totals \$563,820. Net concession revenues are estimated at \$141,160, for a combined revenue of \$704,980 projected for the sports arena.

Based on an analysis of operating expenses at comparable facilities, total operating expenses are projected at \$743,550 for the combined operation of both facilities. Operating expenses were not computed separately, as a considerable cost saving occurs if the operations of both facilities are combined under one management.

The estimated annual operating income for a typical year is estimated at \$578,730, as shown below:

Exhibit hall rental	\$534,800	
Exhibit hall concessions revenue	82,500	
Sports arena rental	563,820	
Sports arena concessions revenue	141,160	
Total revenue		\$1,322,280
Operating expenses		<u>743,550</u>
Estimated <u>net annual</u> operating income		\$ 578,730



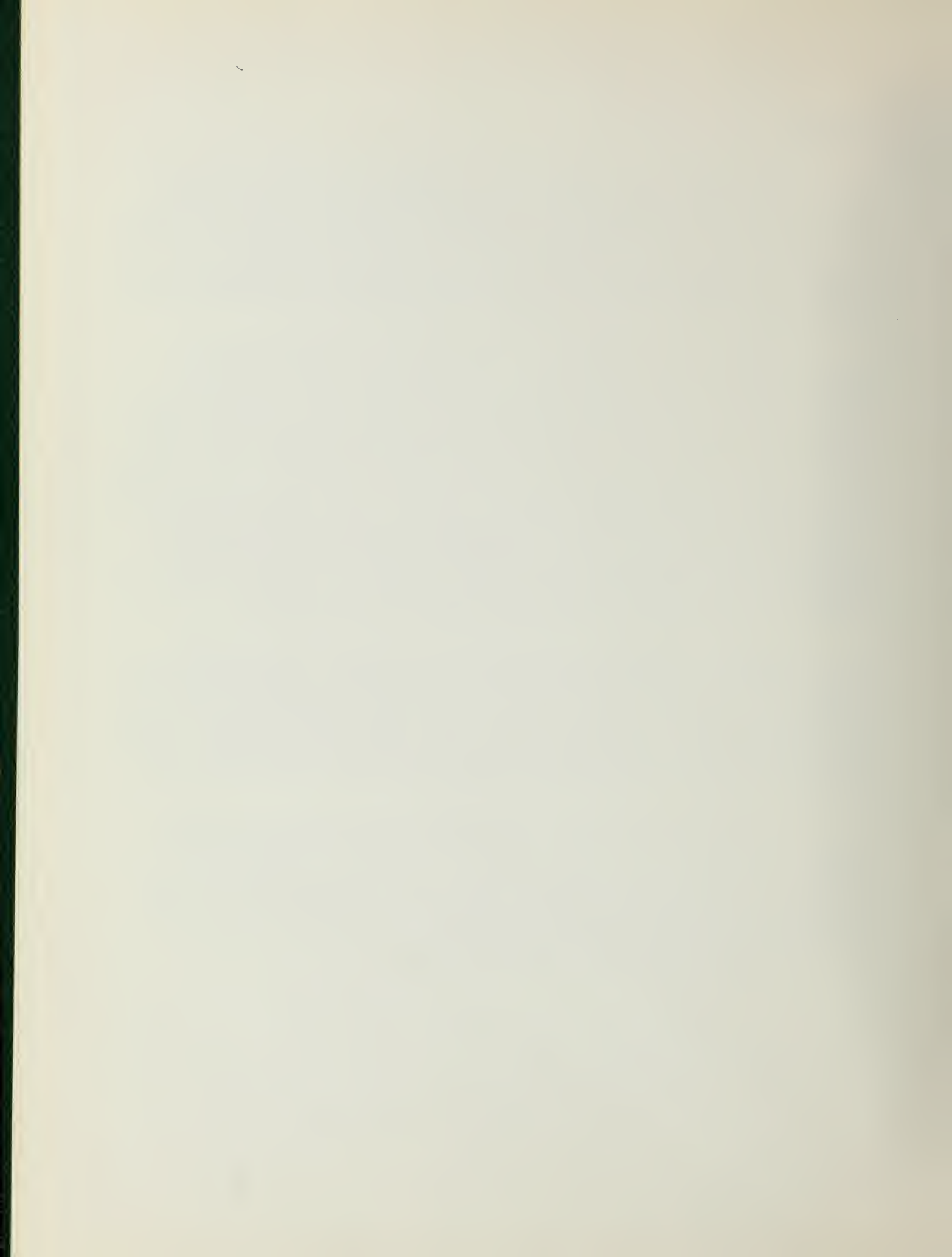
## Theater

Just as local activities' current facility usage provides the most conservative and realistic performance guidelines for the sports arena-exhibit hall, the performance of local theaters supplies a reasonable guide to anticipated use of the projected theater facility. Although San Francisco, in common with other western cities, relies primarily upon theatrical centers--particularly New York--for theater activity, local theater use is a reasonable indicator of the dimension of potential.

Theater use is conditioned for the most part by the number of musical and theatrical productions on Broadway which are successful enough to take on the road and play San Francisco. Because of the uncertainties inherent in the theater business, this number may fluctuate significantly from year to year. However, the most recent experience of the Geary and Curran theaters serves as a yardstick of potential. At present, the city supports 40 to 48 weeks of use for the Curran; the Geary is leased to the American Conservatory Theater, which, in turn, depending upon demand, subleases the facility. Assuming a new theater replaces the Curran and the Geary, since their sites can be put to higher and better economic usage, the existing use patterns of these two operations are likely to provide the bulk of the event schedule for a new theater.

The Civic Light Opera, which presently books 28 weeks at the Curran Theater, is the prime tenant for a new house. The San Francisco Ballet, other Broadway plays booked by independent booking agencies, and well-known musical and theatrical entertainers and groups, along with the Civic Light Opera, will represent the major users of new facilities. Based on discussions with these groups, a total of 47 weeks of use during a normal operating year is projected for the theater.

It is assumed that theater management would follow a modified four-walls rental policy similar to that used by the Los Angeles Music Center. The use program outlined above would yield rental revenues of \$229,220 and concession revenues of \$26,000, totaling \$255,220. Total operating costs are estimated at \$221,200 per year, thus generating an estimated annual operating profit of \$34,020.



### Parking Garage

Each of the previously mentioned components of Yerba Buena Center, to function effectively, will require adequate parking space, since the major portion of event attendees will arrive by automobile. Since the bulk of activities can be expected to occur in the evening, the parking facilities will be available to service daytime demand generated by commercial and office uses within the market area. The presence of such demand is necessary if the garage is to show an operating profit, as the costs for supplying parking for events alone would be prohibitive.

Analysis of land use and economic activities within the primary and secondary market area indicates a surplus of demand over supply for both monthly and transient parking. The Redevelopment Agency tentatively planned that 500 of the 4,000 projected spaces will be allocated to the hotel. Of the remaining spaces, it is recommended that 2,500 be allocated to transient parking, with the remaining 1,000 going to monthly demand.

Based on supply and demand factors, the above allocation of parking spaces, and operating economics of other San Francisco garages, garage income is forecast at \$3.372 million in the second or third year of operation. Operating expenses are estimated at \$1.517 million, yielding operating profits of \$1.855 million per year. Since it can be realistically assumed that land uses in the surrounding area will probably increase in economic utilization over time, it is likely that garage profit will also increase as demand grows with more intensive development in this area.

### Operating Performance of the Total Complex

The projected operating performance, in terms of operating income from each component of the complex, is summarized below:

<u>Facility</u>	<u>Operating Income</u>
Exhibit hall-sports arena	\$ 578,730
Theater	34,020
Parking garage	<u>1,855,000</u>
Estimated operating income	\$2,467,750





## FINANCING RECOMMENDATIONS

ERA recommends that the Redevelopment Agency consider the financing alternatives shown below for the proposed facilities:

<u>Facility</u>	<u>Recommended Alternative</u>
Exhibit hall-sports arena	Joint Powers Authority or lease revenue bonds
Parking garages	Nonprofit corporation or parking revenue bonds
Theater	Private contributions

### Exhibit Hall-Sports Arena

Joint Powers Authority or lease revenue bonds represent the least costly method of financing the proposed exhibit hall-sports arena. The total debt service requirements under both methods of financing is \$3.959 million, which reflects 6.25 percent, 30-year financing. This amount will be reduced annually by operating income and hotel tax revenues (see Table 1.) Lease revenue bonds, issued by the Redevelopment Agency, would give the Agency better control and flexibility during the construction phase of the project. Under both types of financing, the city would lease the facilities for an amount equal to annual debt service requirements. The city's annual obligation would then be reduced by operating income and hotel tax revenues.

### Parking Garages

Since both nonprofit corporation and parking revenue bonds carry a similar interest rate, annual debt service requirements total \$2.2 million, which reflects 7 percent, 30-year financing. This amount will be reduced annually by an estimated \$1,855,000, which represents operating revenues from the parking garage (see Table 1.) To float a bond issue of this size (\$28.1 million), the city must be committed to a lease on the garages. While both types of financing alternatives carry a similar interest rate, nonprofit corporation bonds, from the city's point of view, may be preferable, since the majority of the parking garages in San Francisco have been so financed.





Table 1

## TOTAL PUBLIC FACILITIES PROGRAM FOR YERBA BUENA CENTER

Facilities	Estimated Construction Cost	Amount of Bond Issue <sup>1/</sup>	Annual Debt Service Require- ments	Contribution to				Hotel Tax Revenues	Annual Net Cost to the City <sup>2/</sup>
				Debt Service Requirements		Profit or Loss			
				Income	Expenses				
Exhibit Hall <sup>3/</sup>	\$ 35, 571, 120	( (\$53, 700, 000	\$3, 959, 000	\$1, 322, 280	\$ 743, 550	\$ 578, 730)	\$2, 074, 000 <sup>6/</sup>	\$1, 306, 270	
Sports Arena <sup>3/</sup>	11, 200, 000	(				)			
Parking Garage <sup>4/</sup>	24, 127, 340	28, 000, 000	2, 248, 000	3, 372, 400	1, 517, 400	1, 855, 000	-	393, 000	
Theater <sup>5/</sup>	4, 136, 000	4, 900, 000	392, 000	255, 220	221, 200	34, 020	-	<u>7/</u>	
Total	\$ 75, 034, 460							\$1, 699, 270 <sup>8/</sup>	

<sup>1/</sup> Bond issue includes proceeds to cover first two years' interest on bonds.

<sup>2/</sup> Net annual cost to the city is the difference between annual debt service requirement and the contribution to debt service requirements.

<sup>3/</sup> Assumes either Joint Powers Authority or lease revenue bonds 30 years at 6.25 percent.

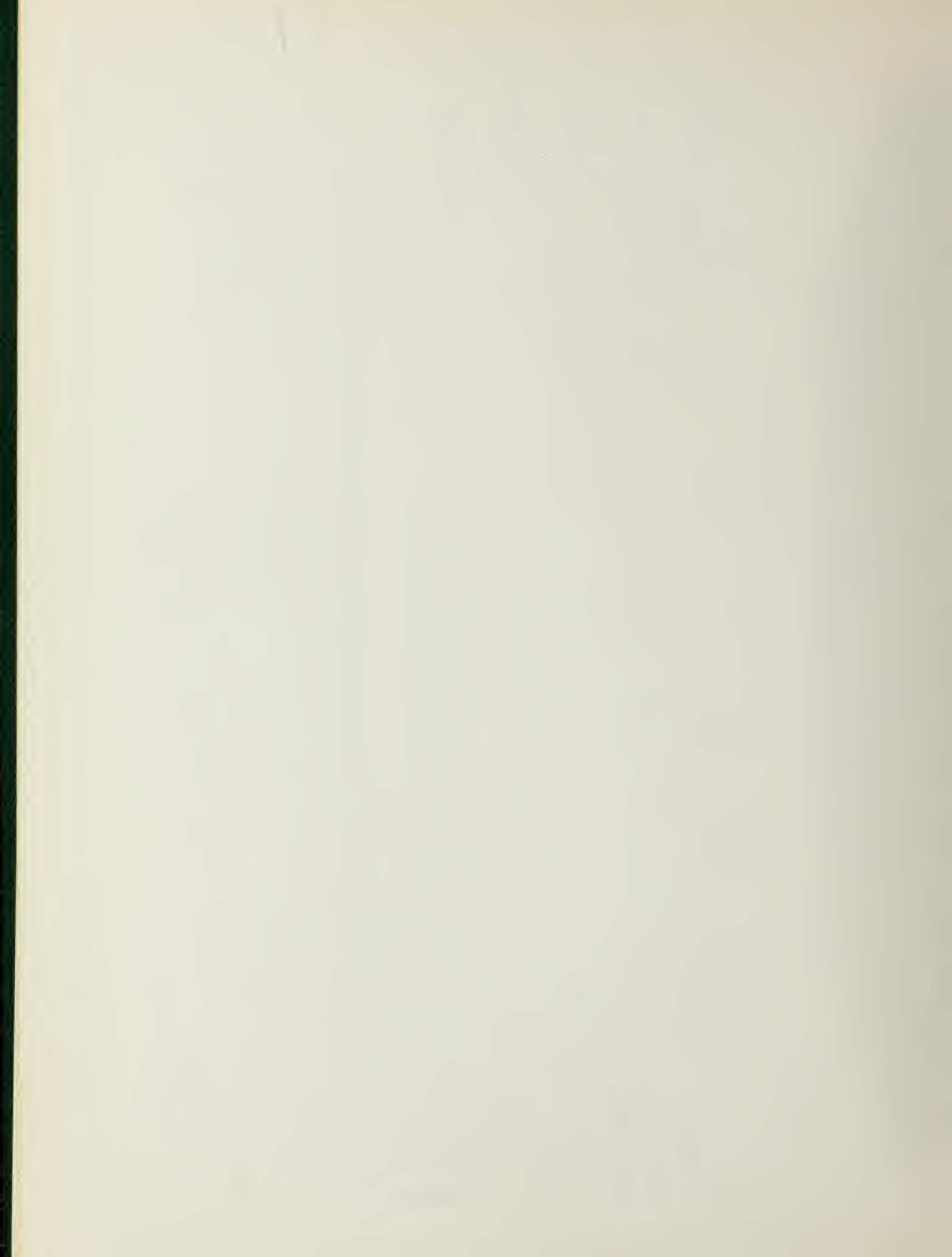
<sup>4/</sup> Assumes either nonprofit or parking revenue bonds 30 years at 7.0 percent

<sup>5/</sup> Assumes nonprofit bonds 30 years at 7.0 percent.

<sup>6/</sup> Assumes project hotel tax revenues for year 1974-75.

<sup>7/</sup> Assumes financing of theater with private funds. If financed with nonprofit corporation bonds, net annual cost is \$358,000.

<sup>8/</sup> The annual net cost to the city will be reduced by the projected annual increase in hotel tax revenues.



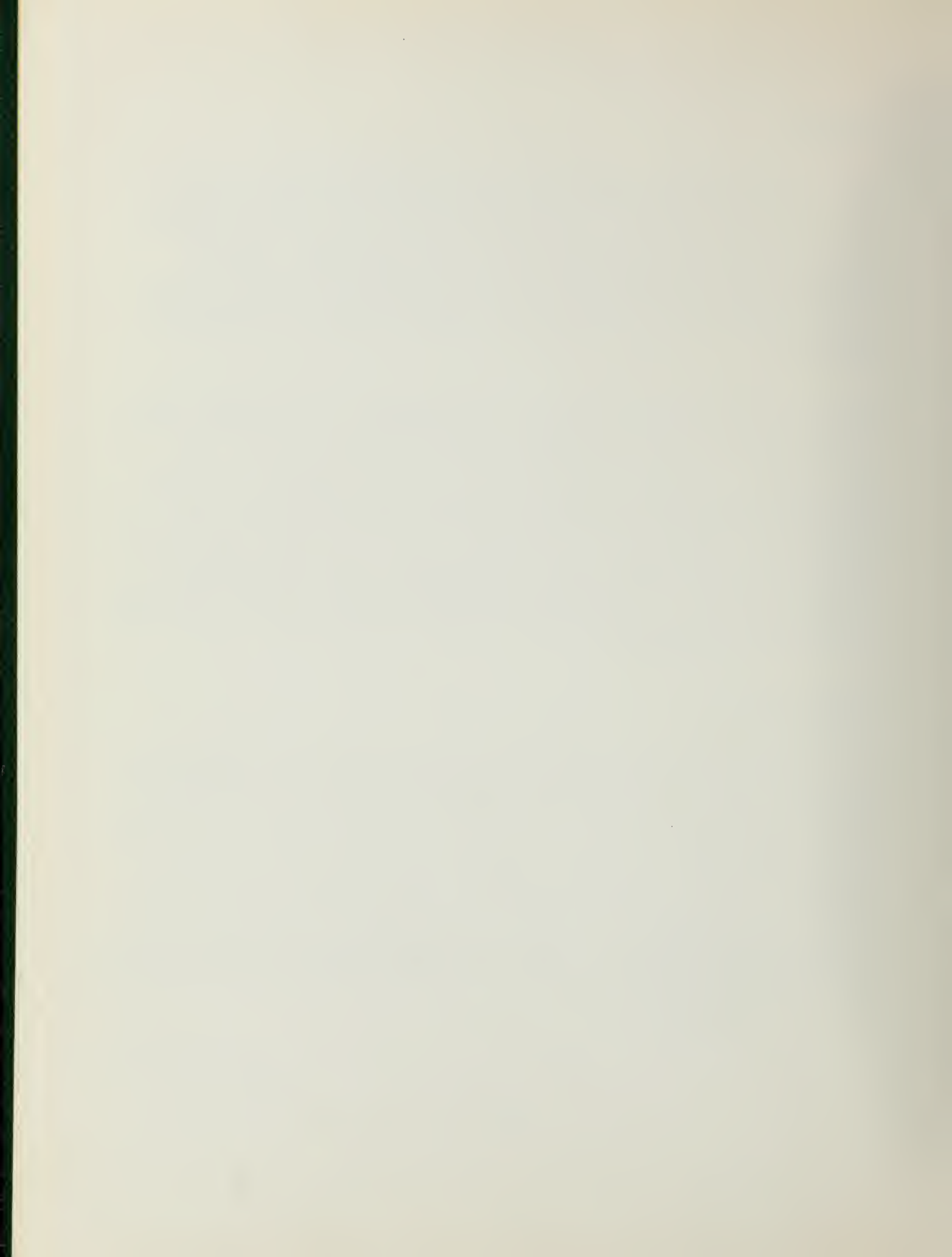
## Theater

In such cities as Los Angeles, strong financial support for a theater has come from fund-raising drives organized by civic-minded residents and from private donations in the form of either cash or special equipment. Since operating revenues make little contribution to annual debt service requirements and simultaneous construction of the theater with other facilities is not imperative, the city may be reluctant to commit itself to a lease on the facility. Therefore, an organized drive in the community to raise \$4.136 million for construction of the theater represents the best alternative.

Normally, net income can be used to support a sizable bond issue. However, the projected net income for the theater is only \$34,000. Based upon the usually accepted bonding to income relationship of 10 to 1 for revenue bonds, a bond issue of only \$340,000 could be supported. For this reason, consideration should be given to the possibility of financing the major portion of the capital cost through private contributions and raising the remaining amount through the issuance of nonprofit corporation bonds. Such contributions would greatly improve the financial picture, since for every \$100,000 raised, the annual debt service requirement is reduced by \$8,200. In addition, the city may be more willing to participate in the construction and operation of the theater if there is substantial public contribution and interest.

## CONCLUSION

ERA recommends that the entire complex, with the possible exception of the theater, be funded and developed simultaneously. Consideration has been given to phasing the development of the proposed public facilities. At this time, phasing of the exhibit hall-sports arena and the parking garage appears impractical for several reasons. First, simultaneous construction of the exhibit hall-sports arena complex would result in considerable cost savings. The cost of common facilities for these structures is estimated to be in excess of \$9 million. It obviously would be less costly to complete all the common facilities as opposed to constructing a portion of them and completing the remainder at some future time. Also, with a projected 4.6 percent increase in construction costs, the sooner the facilities are built, the less the cost to the city. || 7



It is essential that construction of the parking garages be undertaken concomitant with the development of the exhibit hall-sports arena. The parking garage is necessary if these facilities are to achieve projected utilization and operating income. Less than adequate parking could negatively affect the reputation of the facility and reduce attendance potentials.

By use of either Joint Powers Authority or lease revenue bonds for the exhibit hall-sports arena, and nonprofit corporation bonds for the garages, the entire complex, except for the theater, could be financed and constructed simultaneously. This is imperative if the public facilities are to achieve the utilization and operating income levels projected.





### Section III

## PROJECTED USE AND ECONOMIC PERFORMANCE OF EXHIBIT HALL AND SPORTS ARENA, YERBA BUENA CENTER

### INTRODUCTION

Future use and economic performance of exhibit hall and sports arena facilities may be projected from analysis of three sets of factors: (1) the calendar of existing events in the San Francisco area and the degree of community support; (2) capacity, physical adequacy, policy of operation, and rental rates for each facility; and (3) new event potentials, given construction of a 350,000-square-foot exhibit hall and a 14,000-seat sports arena.

Existing events inadequately housed together with new events yield total use potential for both facilities. Revenues, expenses, and operating profit or loss of each facility can then be determined. Questions of financing and cost are treated in Sections VI and VII, while event potential and facility utilization are discussed individually in the following pages.

### THE EXHIBIT HALL

The Yerba Buena Center Exhibit Hall, encompassing 350,000 square feet, is currently planned to accommodate convention/trade shows and consumer shows. These can vary considerably in their emphasis. Consequently, certain differences can be discerned between them with regard to demands upon the host city as well as the exhibit facility, as discussed briefly below.

#### Requirements of Conventions, Trade Shows, and Consumer Shows

Conventions may or may not require exhibit space. Generally, they are more mobile than trade shows and need not be concerned with proximity to markets or manufacturing plants. On the other hand, convention management must focus on adequacy of meeting room and hotel accommodations.<sup>1/</sup> Another primary concern is the location of the convention city relative to the geographic distribution of the association membership, which bears upon delegate travel expenses. The significance of the travel cost factor, of course, depends to a degree upon the income of the association membership and the relative attractiveness of the city.

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<sup>1/</sup> Certain associations are so large that their conventions can be hosted only by a very limited number of cities.





Trade shows primarily depend upon proximity to manufacturing plants and commercial outlets when selecting a convention city. In many cases, extent of the local market is very important. Drayage is a concern, and in the case of a heavy industrial machinery exhibit, the area of the approach to the facility, or clearance of the doorway or interior ceiling, may be a deciding factor.

Convention and trade shows have in common the fact that both draw persons from outside a particular region, whereas consumer shows are usually local in nature. Also, the latter have no special limiting requirements other than the existence of a local market, adequate public transport to the site, and parking. The success of consumer shows is dependent to a great extent upon the promotional ability of the management.

Requirements of convention/trade and consumer shows are discussed below with specific reference to the city of San Francisco.

### San Francisco As a Convention-Trade-Consumer Show Center

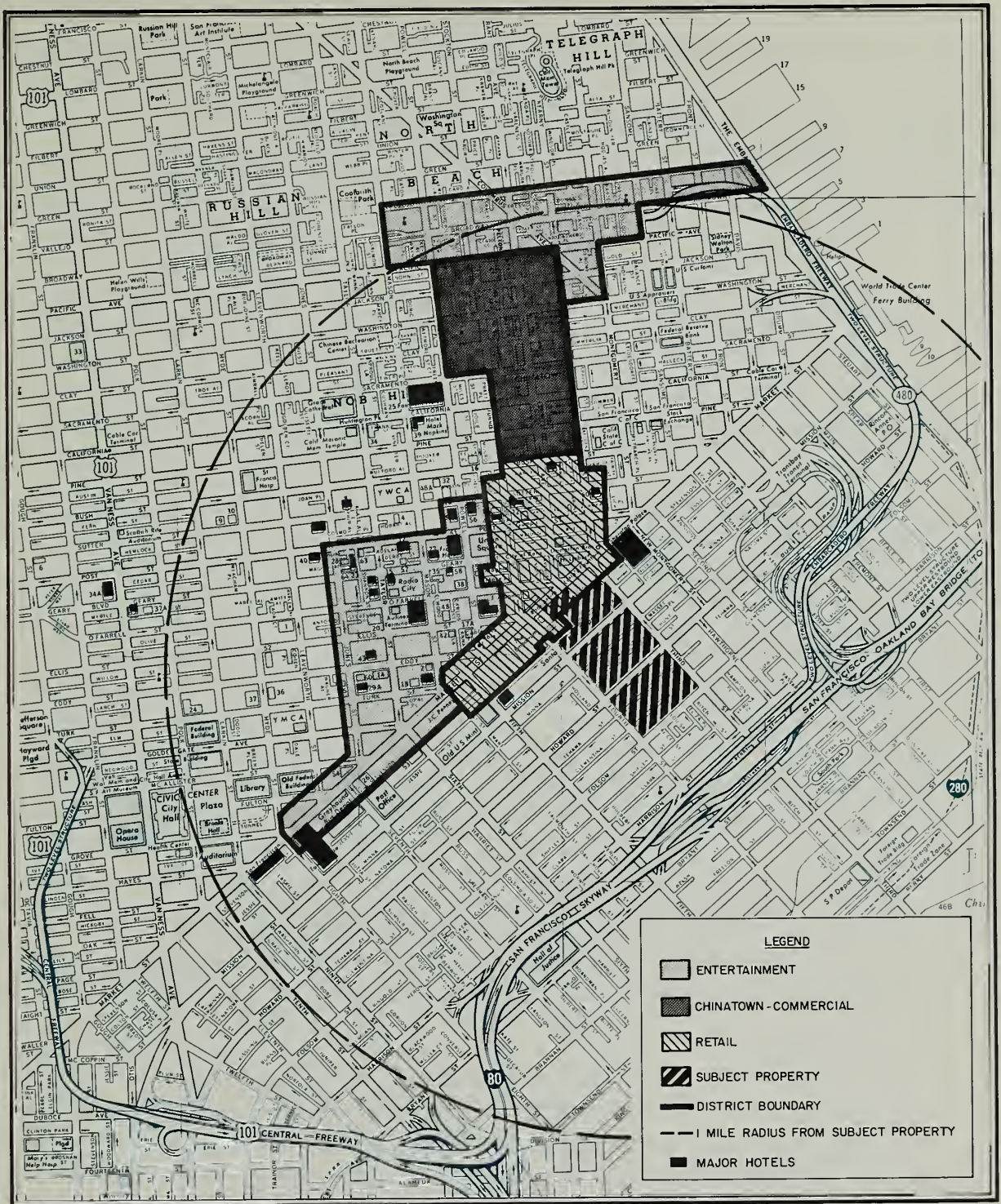
#### Advantages

One of the best known advantages of San Francisco is its reputation as an exciting, pleasant city to visit. The city is famous for its many fine restaurants and variety of available cuisine; its cultural facilities, including its opera, and art museums; and its "old world" flavor, exemplified by Fisherman's Wharf, Ghirardelli Square, and the cable cars. In short, such a multitude of things to do enhances the city's popularity, which, in turn, has a definite effect upon its ability to attract conventions and trade shows.

Convention and trade show managements, in selecting locations, are also concerned with certain physical criteria, the most significant of which is proximity to hotels, restaurants, entertainment, and shopping. Figure 1 shows the location of these major areas within San Francisco. As indicated in the figure, the great majority of the city's better hotels and restaurants, as well as its shopping and entertainment districts, are within one mile of the proposed exhibit hall. By contrast, Los Angeles' major hotels are scattered about the city and its environs, while the city's prominent restaurants are clustered primarily on La Cienega and Sunset boulevards, up



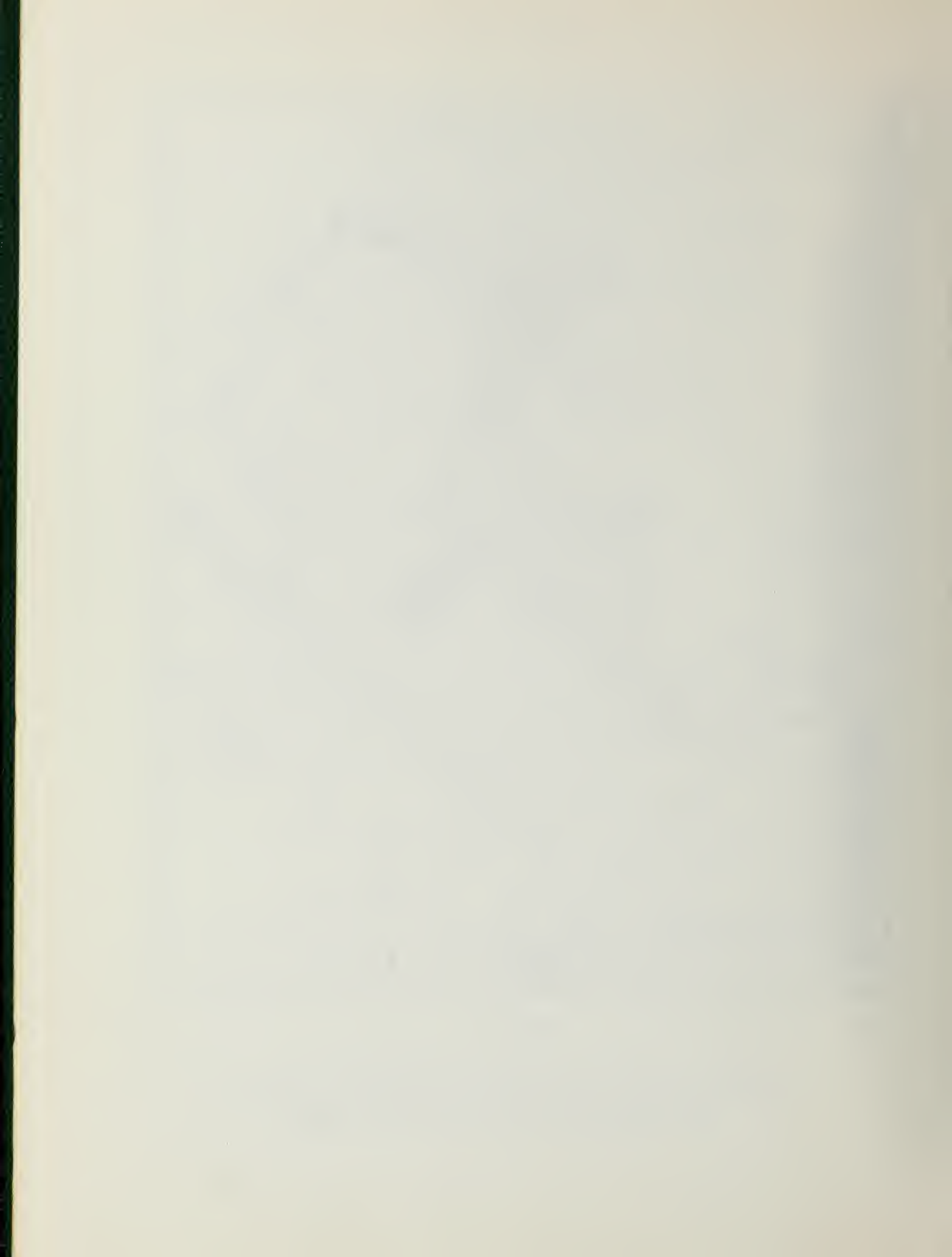




Source: Economics Research Associates.

Figure 1

RELATIONSHIP OF SUBJECT PROPERTY TO  
MAJOR HOTELS, RESTAURANTS, ENTERTAINMENTS,  
AND SHOPPING AREAS IN SAN FRANCISCO





to eight miles from its proposed convention complex.

San Francisco maintains another advantage over other cities in its well-organized convention bureau. With this aggressive body, and a completed Yerba Buena Center Exhibit Hall, its major disadvantage as a convention headquarters--distance from the centers of U.S. trade and industry--may well be overcome.

Trade associations generally tend to defer to the location of their industries' plants in selecting a convention city. The great bulk of U. S. manufacturing is centered in the New England, mid-Atlantic, and eastern Northcentral states. In this respect, then, western cities such as San Francisco, Los Angeles, or Las Vegas are at a disadvantage in attracting manufacturers' trade association conventions.

It should be remembered, however, that these established industries are not growing at a very rapid rate, and some are in relative decline. Since convention exhibit space requirements are generally geared to the growth pattern of their respective industries, these trade association conventions generally are not increasing their exhibit requirements. California, however, has developed as a center for industry, specifically electronics, aerospace, and food processing, which have been growing rapidly. Concomitant with this growth, convention exhibit requirements of the trade associations representing these industries have also grown. As well, California has particular appeal to professional organizations, particularly the medical and educational associations, which have grown very rapidly in recent years.

In sum, although the proposed Yerba Buena Center Exhibit Hall is not likely to attract trade conventions representing a widespread segment of U.S. manufacturing, it is expected to generate considerable interest in those dynamic western manufacturing and service industries previously mentioned.

### Disadvantages

One of San Francisco's chief disadvantages in attracting very large conventions is its shortage of adequate hotel facilities. The city has at present 79 major hotels and motels with a total complement of 12,120 transient rooms.<sup>1/</sup> In contrast, Manhattan has 65 major hotels and motels with 40,417 rooms, and the greater Chicago area, 57 hotels and motels with 20,353 rooms. Several very large professional and trade associations

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<sup>1/</sup> See p. III- 5 for footnote.



will only hold their conventions in New York City and/or Chicago, and the number of available rooms is a significantly important reason for this. Table 2 indicates the number of major hotels and motels and room complements in nine major convention cities as well as the number of accommodations within one and three miles of their respective convention centers.<sup>2/</sup> Of course, other factors exist with regard to overnight lodging that must be noted in order to measure one city's desirability over another as a convention center. For example, there are no major hotels and motels in Chicago within one mile of McCormick Place (McCormick Place, which is now being reconstructed, fronts on Lake Michigan south of the main business district). However, Chicago has excellent north-south access along the lakefront. Consequently, delegates commuting between the major hotels in the business district and McCormick Place may be able to keep their commuting time as low as delegates commuting less than one mile between hotel and facility in some other cities. Further, the complement of rooms in each city is not entirely indicative of their availability when required by a major convention, due to difference in relative demand for hotel rooms from city to city. Nevertheless, the table does suggest the advantage held by New York and Chicago over the other cities by virtue of their greater hotel and motel inventories.

Although San Francisco trails New York and Chicago in hotel and motel accommodations, it compares favorably with the other six cities reviewed. Moreover, San Francisco is expanding its hotel and motel inventory and may well overcome this disadvantage, relative to New York or Chicago in terms of attracting those associations which now feel that the city's hotel space is inadequate. Table 3 indicates the extent of current construction and building plans within a one- and three-mile radius of the proposed Yerba Buena Center. Assuming completion of all planned major hotel and motel buildings by 1973, San Francisco would increase its inventory of rooms to approximately 15,700 within one mile of the proposed facility, and to approximately 20,100 within three miles.

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<sup>1/</sup> These statistics were derived from the 1969 Mobil Travel Guide. They are used in preference to those supplied by the San Francisco Convention Bureau to afford a more consistent comparison with hotel and motel inventories in other major convention cities.

<sup>2/</sup> Besides the proposed Yerba Buena Center: the Coliseum in New York, Chicago's McCormick Place, Las Vegas Convention Center, the Atlantic City Convention Hall, the proposed Los Angeles Convention Center, Detroit's Cobo Hall, Houston's Astrodome Exhibit Center, and Cleveland's Underground Exhibition Hall.

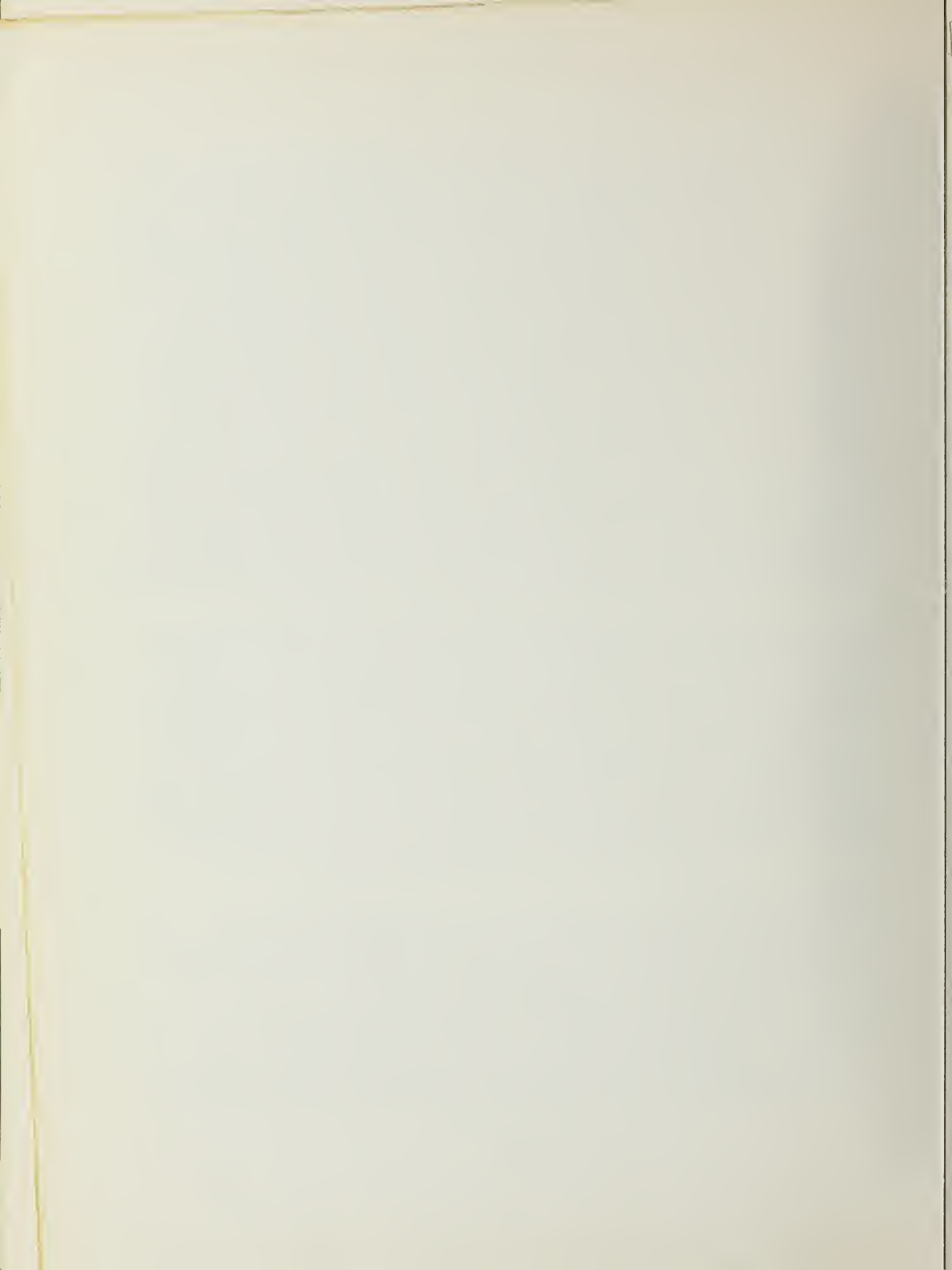




Table 2

HOTEL AND MOTEL INVENTORIES  
FOR PRINCIPAL U.S. CONVENTION CITIES  
BY DISTANCE FROM THE MAJOR CONVENTION FACILITY<sup>1/</sup>

City	Total		Within One Mile		Within Three Miles	
	Number of Facilities	Number of Rooms	Number of Facilities	Number of Rooms	Number of Facilities	Number of Rooms
New York City <sup>2/</sup>	65	40,417	44	29,262	64	40,292
Chicago	57	20,353	0	0	22	13,018
San Francisco	79	12,120	38	9,032	71	11,340
Las Vegas	58	9,544	17	4,260	58	9,544
Atlantic City	38	7,572	30	6,776	36	7,432
Los Angeles	170	18,002	9	1,930	33	6,631
Detroit	76	9,509	8	3,477	14	4,144
Houston	51	11,390	10	1,720	19	4,001
Cleveland	57	8,526	7	3,409	10	3,838

<sup>1/</sup> Transient rooms only.

<sup>2/</sup> Manhattan Island only.

Sources: Mobil Travel Guide, 1969 and Economics Research Associates.

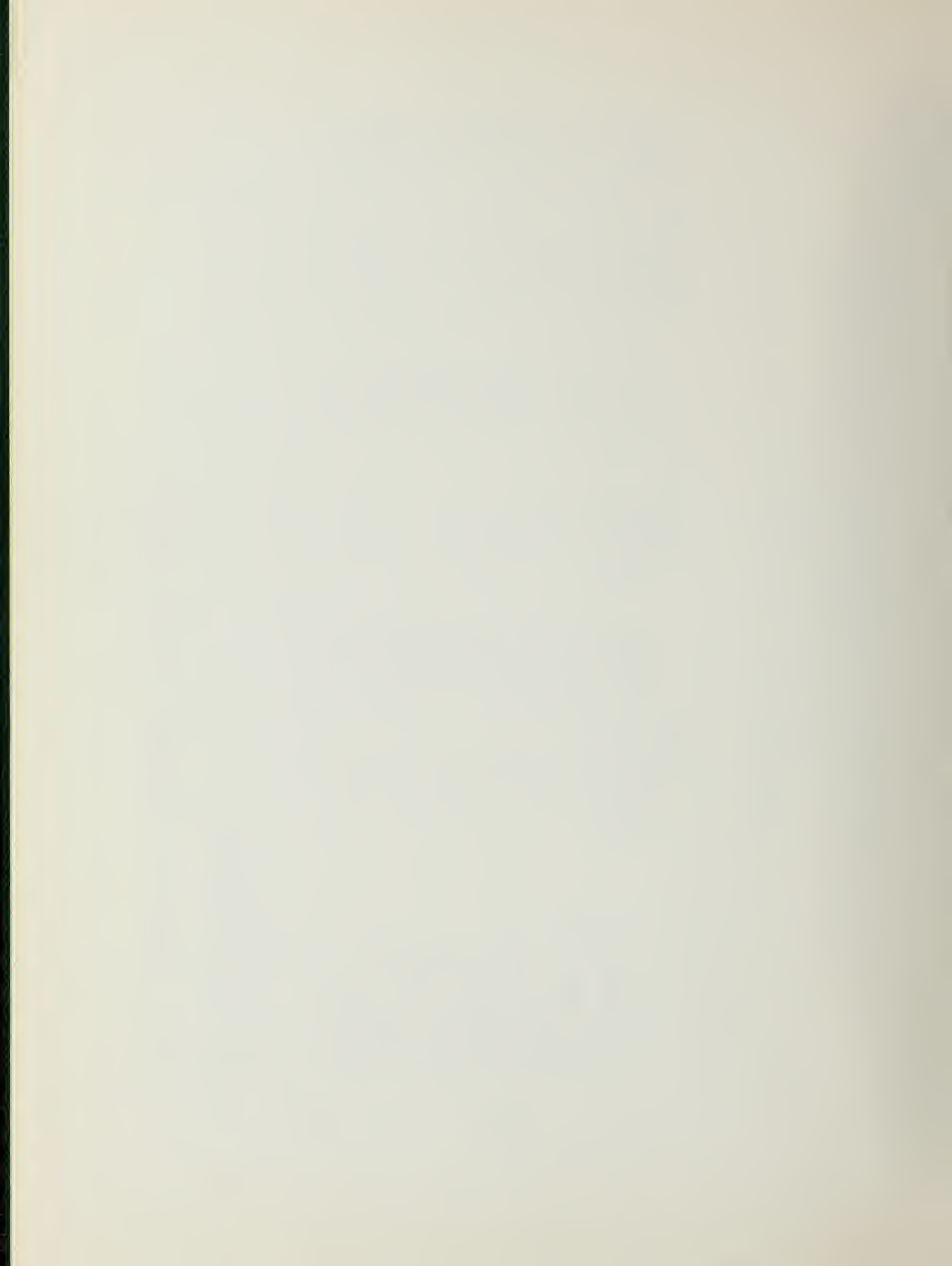


Table 3

HOTELS AND MOTELS PLANNED OR UNDER CONSTRUCTION  
IN SAN FRANCISCO

<u>Builder</u>	<u>Number of Rooms</u>	<u>Expected Completion Date</u>
<u>Under Construction--Within One Mile of Proposed Convention Center</u>		
Stanford Court	424	
Holiday Inn	572	March 1970
Holiday Inn	400	January 1970
Hilton Hotels Corporation (addition)	629	Early 1972
The Saint Francis Corporation (addition)	590	December 1971
Barrett Garages	135	n. a.
Total	2,750	
<u>Under Construction--Within Three Miles of Proposed Convention Center</u>		
Holiday Inn	343	Spring 1970
<u>Planned--Within One Mile of Proposed Convention Center</u>		
Hotel at Yerba Buena Center	800	Mid-1973
Hyatt Corporation	750-800	Spring 1970 <sup>1</sup> /
Knott Hotels	400	Mid-1971
Holiday Inn	765	1972
Hyatt Corporation	270	Spring 1971
Hyatt Corporation	450	1971
TraveLodge	210	n. a.
Mark Hopkins (addition)	250	n. a.
Total	3,895-3,945	



Table 3  
(Continued)

<u>Builder</u>	<u>Number of Rooms</u>	<u>Expected Completion Date</u>
<u>Planned--Within Three Miles of Proposed Convention Center</u>		
Howard Johnson Motor Lodge	400	1971
International Market Center Hotel	400-500	July 1971
TraveLodge (addition)	150	Fall 1969 <sup>1/</sup>
Cable Motel (addition)	31	n. a.
Miyako (addition)	<u>60-120</u>	n. a.
Total	1,041-1,201	

n. a. means not available.

<sup>1/</sup> Proposed starting date.

Source: San Francisco Convention and Visitors Bureau.



San Francisco's distance from the centers of population and industry in the East, discussed previously, is a major problem for the city in its attempt to attract conventions. Regardless of the quality and rental structure of the proposed facility, or additions to the area's accommodations inventory, several major trade conventions are permanently lost to the city as a result of its geographical location. In addition to the cost of transporting exhibits and personnel cross-country, the conventioners' cost of visiting San Francisco is high relative to other convention cities. This factor may never be the primary influence in a convention management's selection of a city, but quite possibly could influence a marginal case.

#### Current Convention Activity in San Francisco

Table 4 shows the magnitude of San Francisco conventions from 1964 through 1968, as well as total number of conventions held. As indicated, the number of larger conventions (delegations of 5,000 or more) grew during the period at a rate higher than that for the total number of conventions held. In absolute terms, however, the number of larger conventions was still very small in 1968 relative to the total held.

The number of conventions and distribution of conventions by delegates, although indicative of San Francisco's popularity as a convention center, does not present a clear picture of the prospective demand for an exhibit facility. The majority of conventions can be completely accommodated by the city's hotels, which have meeting rooms and banquet halls as well as lodging facilities. This arrangement offers great convenience to conventions; moreover, the exhibit space required by conventions with a given number of delegates varies considerably, as indicated in Table 5.

Table 6 lists all conventions held in San Francisco during 1967 and 1968 which utilized exhibit space outside of hotels, the dates of these conventions, days of use, net square footage required, and number of persons attending. The following text table summarizes the number of days exhibit





Table 4

NUMBER AND MAGNITUDE OF  
SAN FRANCISCO CONVENTIONS  
1964-1968

<u>Number Attending</u>	<u>Number of Conventions</u>				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Less than 1,000	476	501	611	574	651
1,000-1,999	34	46	40	54	43
2,000-2,999	8	8	15	12	12
3,000-3,999	6	6	3	5	10
4,000-4,999	0	6	3	3	5
5,000-6,999	3	5	5	4	7
7,000-9,999	1	1	2	7	2
10,000 and over	<u>4</u>	<u>4</u>	<u>2</u>	<u>4</u>	<u>6</u>
Total	532	577	681	663	736

Sources: San Francisco Convention and Visitors Bureau and Economics Research Associates.



Table 5

RANGE OF EXHIBIT SPACE NEEDS FOR CONVENTIONS  
BY NUMBER OF DELEGATES

<u>Number of Delegates</u>	<u>Exhibit Space Requirement (square feet)</u>
Less than 250	1,000 - 20,000
250 - 499	1,000 - 75,000
500 - 999	1,000 - 80,000
1,000 - 1,999	2,000 - 120,000
2,000 - 2,999	3,000 - 70,000
3,000 - 3,999	3,000 - 100,000
4,000 - 4,999	3,000 - 160,000
5,000 - 9,999	1,000 - 150,000
10,000 - 19,999	1,000 - 200,000
20,000 and over	8,000 - 320,000

Sources: 1968 Directory of Trade and  
Industrial Shows and Economics  
Research Associates.

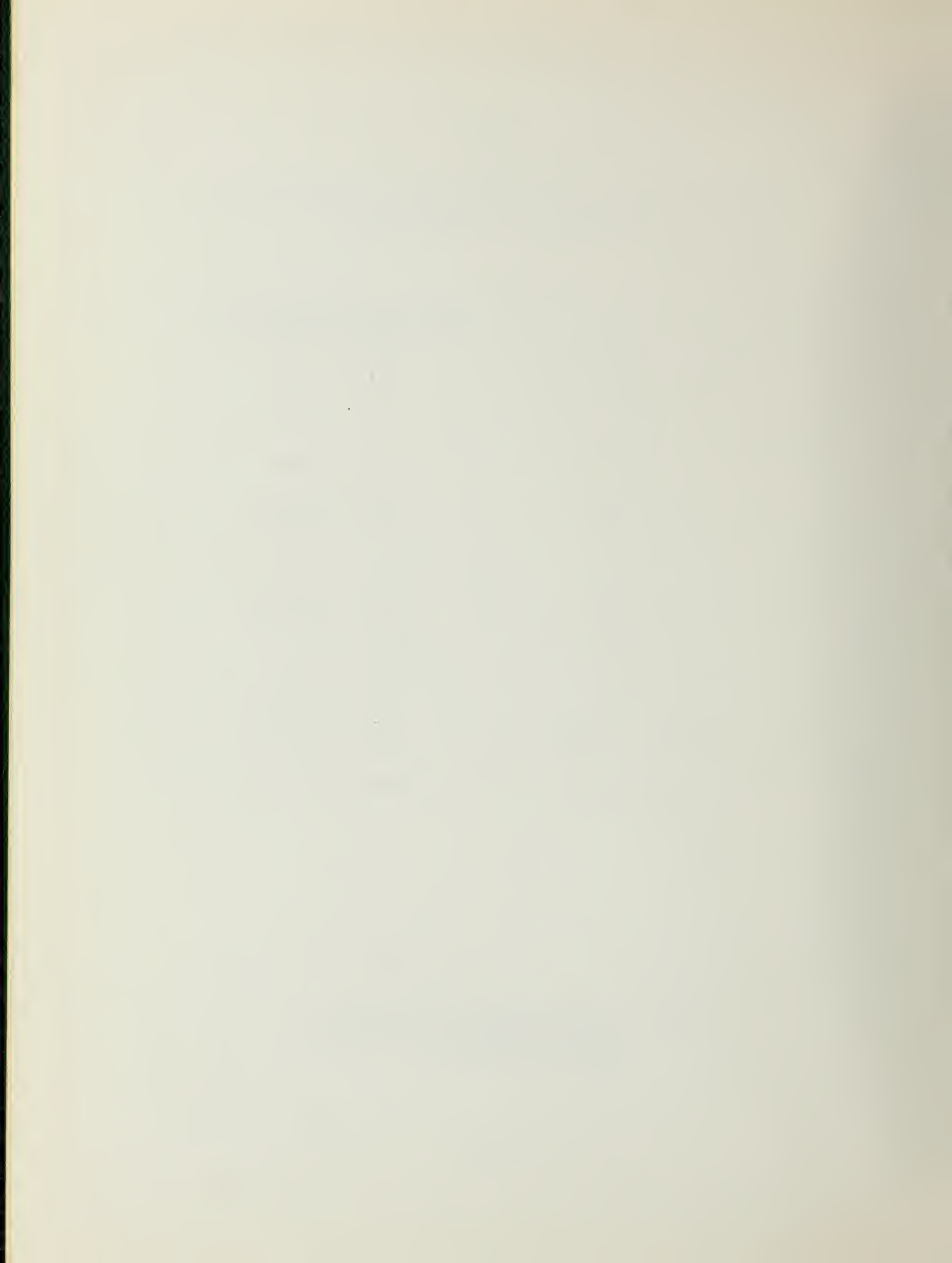


Table 6

## CONVENTIONS IN SAN FRANCISCO REQUIRING EXHIBIT FACILITIES

	Date	Days		Net Square Feet	Number Attending
		In	Event	Out	
<u>1968</u>					
National Office Products Association Spring Convention and Exhibit	3/5-3/9	2.0	4.0	1.0	6,258
American Chemical Society	3/31-4/5	2.5	3.0	1.0	12,694
National Catholic Education Association	4/15-4/18	3.0	3.0	2.0	13,714
Northwestern Visual Communications Congress	5/4-5/7	2.0	4.0	1.0	2,723
California Congress of Parents and Teachers	5/8-5/10	n.a.	3.0	n.a.	5,000 <sup>1</sup> / <sub>1</sub>
International Purchasing Conference of National Association of Purchasing Agents	5/19-5/22	3.0	4.0	1.0	4,123
National Conference on Social Welfare Forum and Exposition	5/26-5/31	1.5	4.5	1.0	8,800
American Medical Association	6/16-6/20	7.0	5.0	2.0	41,437
The Million Dollar Round Table	6/23-6/28	1.0	4.0	0.5	2,200
Western National Restaurant Convention and Exposition	8/19-8/21	4.0	4.0	2.0	21,022
Westec/North Engineering Conference and Exposition	9/24-9/27	3.0	3.0	2.0	4,110
National Welding Supply Association	10/21-10/23	0.5	0.5	0.5	1,282
The American Dietetic Association	10/14-10/18	3.0	3.0	2.0	5,509
California Academy of General Practice	11/10-11/13	n.a.	4.0	n.a.	3,108
1968 Fall Joint Computer Conference	12/9-12/11	3.0	3.0	2.0	23,200
Total 1968 occupancy days		35.5	52.0	18.0	

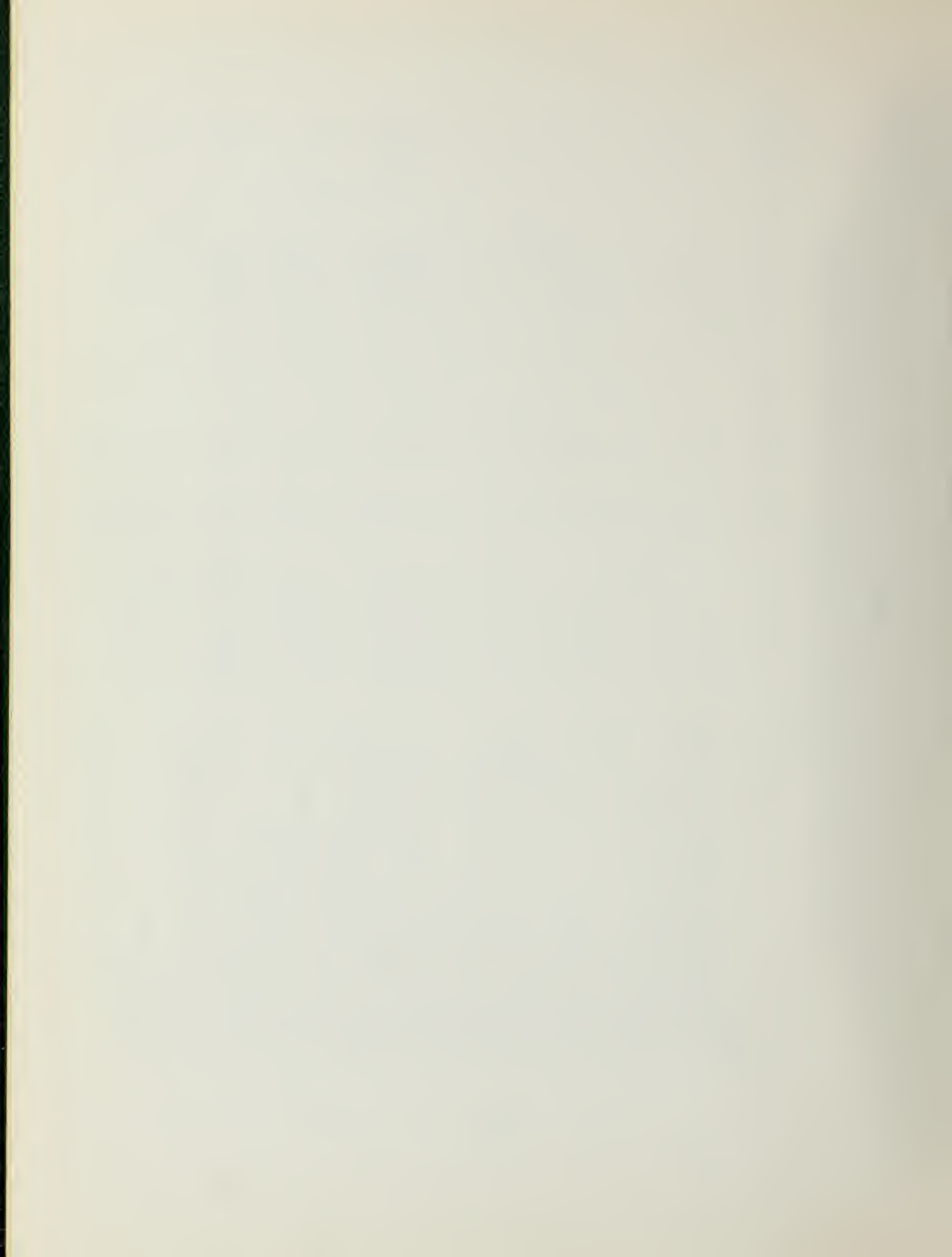


Table 6  
(Continued)

	Date	Days			Net Square Feet	Number Attending
		In	Event	Out		
1967						
American Academy of Orthopedic Surgeons	1/14-1/19	2.0	6.0	1.0	25,292	5,769
National Automobile Dealers Assn.	1/28-2/1	3.0	4.0	1.0	67,200	11,500
National Rural Electric Cooperative Association	2/20-2/23	3.0	3.5	1.0	20,000	9,058
Pacific Automotive Show and Automotive Service Industry Association	3/30-4/1	3.0	3.0	3.0	75,000	15,732
The American College of Physicians	4/10-4/14	2.0	4.5	1.0	20,600	7,171
15th Western Electric Exposition (Electrical Maintenance Engineers)	4/18-4/20	n.a.	3.0	n.a.	23,100 <sup>1</sup> /	2,000
Association of Western Hospitals	4/24-4/27	1.0	3.5	0.5	32,500	7,268
International Science Fair	5/8-5/13	1.0	4.0	1.0	20,688	1,029
National Refuse Equipment Show and Congress	6/2-6/4	1.0	2.5	0.5	5,600	1,185
American Library Association	6/25-7/1	3.5	5.0	2.0	48,600	8,760
California Drycleaners Assn. Western Electronic Show and Convention	7/14-7/16	n.a.	3.0	n.a.	48,900 <sup>1</sup> /	586
National Tire Dealers and Retreaders Association, Inc.	8/22-8/25	4.0	4.0	3.0	94,400	46,578
International Association of Fire Chiefs	9/23-9/27	2.0	5.0	2.0	37,500	7,028
American Heart Association	9/10-9/14	3.0	2.5	1.5	14,880	4,032
American Osteopathic Association	n.a.	2.0	3.0	1.0	20,700	8,290
	10/30-11/2	2.0	3.5	0.5	18,000	3,486

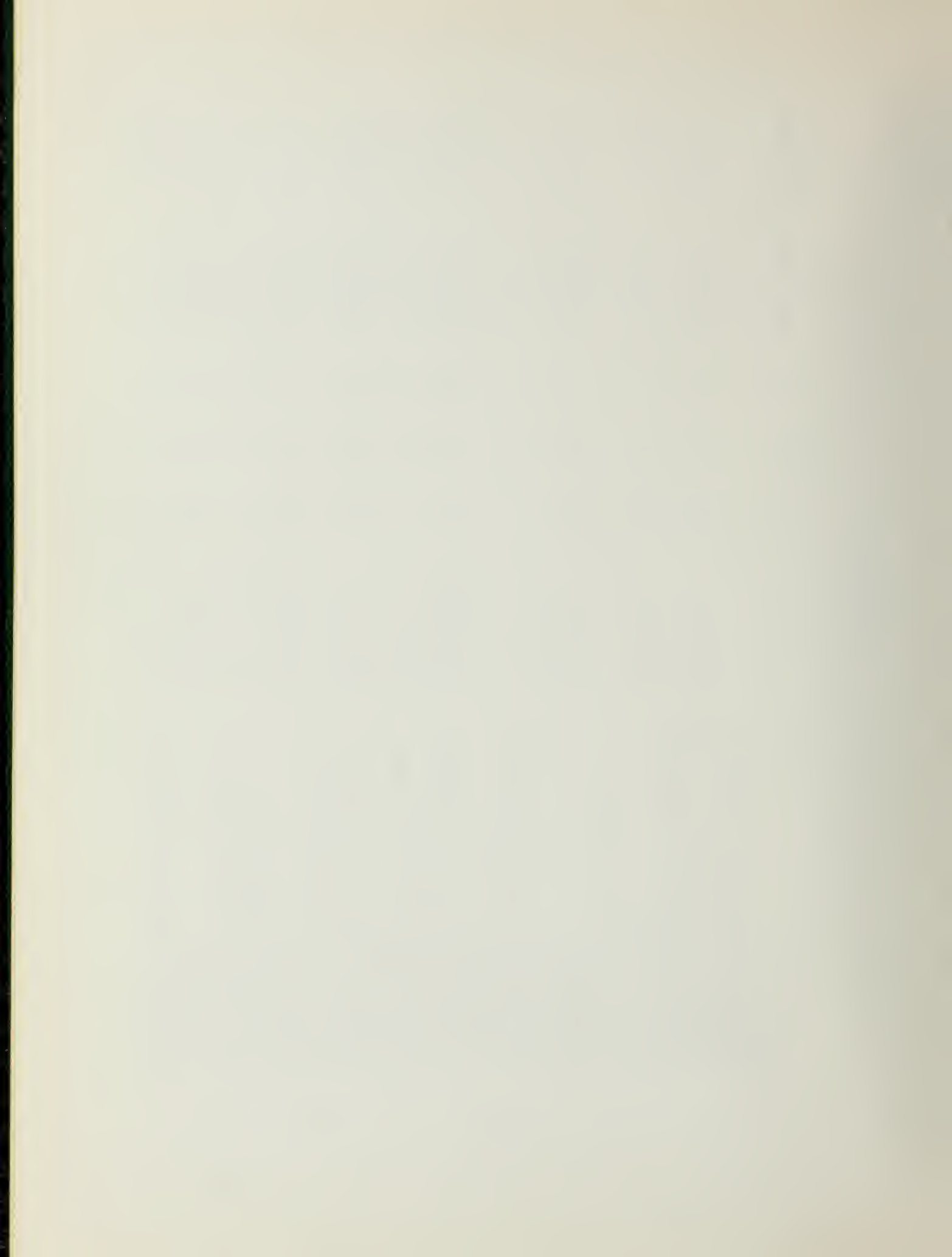




Table 6  
(Concluded)

	Date	Days		Net Square Feet	Number Attending
		In	Out		
1967 - continued					
National Electric Contractors Association	10/2-10/5	3.0	3.0	30,700	6,720
U.S. Savings and Loan League	11/12-11/16	2.0	4.0	11,920	5,812
California Association of School Administrators Conference	12/4-12/6	n. a.	3.0	18,400 <sup>1/</sup>	2,167
Total 1967 occupancy days		37.5	70.0	22.0	

n. a. means not available.

<sup>1/</sup> Gross square feet.

Sources: San Francisco Convention and Visitors Bureau and Economics Research Associates.



space was required by conventions in San Francisco outside of hotels between 1964 and 1968:

San Francisco Conventions Requiring Exhibit Facilities Outside Hotels					
	1964	1965	1966	1967	1968
Use-days	38.0	48.0	36.5	70.0	52.0
In-out days	48.0	49.5	44.0	59.5	53.5
Total occupancy days	86.0	97.5	80.5	129.5	105.5

Source: Economics Research Associates.

As seen, the trend in the number of use-days of exhibit facilities in San Francisco over the five-year period has been erratic. This is particularly evident when compared to the growth trend in the number of conventions held in the city. It should be noted, however, that the number of use-days of exhibit facilities corresponds more closely to the number of large conventions held rather than to the total. Thus, the greater the number of large conventions, the greater the utilization of exhibit space. As a corollary, very large conventions will not be attracted to a city unless exhibit space is available. The following section outlines the present inventory of convention facilities in San Francisco.

#### Major San Francisco Convention - Exhibit Facilities

##### Cow Palace

The San Francisco area presently has two facilities with exhibit space which can accommodate conventions: Cow Palace and Civic Auditorium-Brooks Hall.<sup>1/</sup> The Cow Palace opened in 1941 hosting one major event, the first Grand National Livestock Exposition, Horse Show, and Rodeo. In 1949, the California Code, which governs the facility, was

<sup>1/</sup> The Cow Palace is in Daly City, California, but used for many San Francisco-based events.



changed to allow presentation of trade shows and professional sports. Although, at present, agricultural exhibits account for only a small percentage of the facility's use, it was originally designed for that purpose.

As a convention/trade show facility, the greatest advantage of the Cow Palace is its size. It comprises approximately 260,000 square feet of exhibit space, allocated between an arena; two sets of three adjoining buildings (approximately 65,000 square feet of exhibit space in each set); and two halls (each with approximately 49,000 square feet of exhibit space contiguous to the arena). The parking lot has recently been enlarged and resurfaced to accommodate 5,500 cars. Highway access is quite good although public transportation is inadequate.

During the past three years, the state of California has spent between \$1.5 million and \$2.0 million on the facility's capital improvements: new seating has been installed in the arena; the electrical system has been updated, increasing the load capacity and improving the service; and the fire control system has been renovated.

In spite of these improvements, the Cow Palace still suffers from several inadequacies. Its appearance is poor. It has an inadequate sound system, and though the electrical system has been updated, it does not compare with the flexible systems of more modern facilities. Storage space is scarce. Its location does not take advantage of the very close clustering of major hotels in the central area of the city.

The location of the Cow Palace is a particularly serious drawback for conventions. Since delegates are generally transients, they must walk or rely on public transportation to commute from hotel to convention facilities. Thus, adequate parking at the Cow Palace is not as much an advantage as it would be for, say, a consumer show, which relies mainly on residents for its success. Location of a convention facility in very close proximity to hotel accommodations is one of the most important factors influencing major convention managers in their selection of a city in which to meet. Due to the above limitations, the Cow Palace has been able to attract only one major convention between 1966 and 1968, inclusive.<sup>1/</sup> It is thus considered marginal, as a

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<sup>1/</sup> Western Electronic Show and Convention -- which alternates every year between Los Angeles and San Francisco and utilizes the Cow Palace because its exhibit space requirements cannot be met by another facility in the city.



convention hall. On the other hand, the limitations of the Cow Palace are relatively insignificant as far as sporting events and consumer shows are concerned, and, thus, these latter events are the facility's primary source of rentals, as Table 7 indicates.

#### Civic Auditorium-Brooks Hall

Civic Auditorium-Brooks Hall, in comparison with the Cow Palace, is a far better facility with respect to its ability to attract conventions and trade shows. It does not suffer from the disadvantage of a bad location: it is less than one mile from the focus of the major hotels in the city, thus reducing commuting time and expense. This relatively central location compares favorably with convention halls in other major cities.

Brooks Hall was constructed approximately 11 years ago at a cost of approximately \$3 million, primarily to service exhibit needs of San Francisco conventions. The hall is connected to Civic Auditorium by means of an underground link, and is also accessible to the adjoining Civic Center Plaza garage. The facility has approximately 90,000 net square feet of exhibit space. Civic Auditorium, constructed in 1914, was completely renovated in 1964. This development improved technical deficiencies and the facility's appearance, although it did not alter exhibit space or seating capacity. Essentially, Civic Auditorium is a secondary facility used by larger conventions only in circumstances when exhibit space in Brooks Hall is insufficient. Aside from its location, the fact that Brooks Hall is new is advantageous to the complex.

Although a far better convention facility than Cow Palace, Civic Auditorium-Brooks Hall also has its deficiencies. One such is its size. Maximum exhibit space, in view of the floor plan of the auditorium and column spacing in Brooks Hall, is probably no greater than 120,000 square feet.<sup>1/</sup> This precludes San Francisco from attracting the larger conventions which will have the greatest economic impact on the city.

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<sup>1/</sup> Six cities presently have convention facilities with exhibit space in excess of 300,000 square feet: New York City, Chicago, Cleveland, Detroit, Houston, and Atlantic City.





Table 7

COW PALACE, SAN FRANCISCO  
1968 Calendar

Event	Use-Days
Basketball	23
Wrestling	15
Roller derby	9
Ice hockey	2
Motorcycle races	2
Boxing	1
Track meet	1
Midget auto races	1
Karate championship	1
National Sport and Boat Show	10
Mobile Home and Travel Trailer Show	5
Circus	5
International Ski and Winter Sports Show	4
Stage shows	4
Mexican Rodeo and Horse Show	3
Dog show	2
P.A.L. softball	1
Boy Scouts	1
Political rallies	3
Religious meetings	3
San Francisco State College graduation	1
Union meeting	1
Buick--private showing	1
Swap-O-Rama	87
Post office	46
Guernsey sale	<u>1</u>
Total	233

Source: Cow Palace.



The 14-foot ceiling in Brooks Hall, which impedes display of certain types of heavy equipment, is another deficiency. Access to the complex is also less than optimal, and its overall configuration is not particularly good. The exhibit space is split between two levels, a particularly bad feature in the opinion of some convention managers. Meeting rooms are also poorly located.

Table 8 indicates the calendar of events for the complex for fiscal 1968-1969. The total number of convention, trade, and consumer show days of use, including in-and-out days, for Civic Auditorium and Brooks Hall was, respectively, 118 and 118 in fiscal 1967-1968, and 100 and 121 in fiscal 1968-1969.

#### Potential Usage of the Exhibit Hall Facility

Essentially, the proposed Yerba Buena Center Exhibit Hall will derive its potential from the following sources: existing conventions and consumer shows presently utilizing other San Francisco facilities; conventions which heretofore have not visited the city; and consumer shows organized in response to the construction of a facility superior to those existing. Existing conventions and consumer shows would be drawn from Civic Auditorium-Brooks Hall because of insufficient exhibit space and meeting rooms<sup>1/</sup>. In addition, consumer shows would be drawn from the Cow Palace because of the outmoded nature of the facility and its lack of central location.

Projecting potential usage of Yerba Buena Center by conventions which have not previously visited the city is much more difficult than ascertaining which existing conventions and consumer shows would move to the new development. Table 9 presents the exhibit space requirement distribution of national and regional conventions in the United States in 1968, while Table 10 shows these conventions' and consumer shows' distribution of attendance for the same year.<sup>2/</sup> The former shows

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<sup>1/</sup> San Francisco has already lost three major conventions because the requirements of the conventions could not be met by these existing facilities.

<sup>2/</sup> Table 9 understates the total exhibit space requirements somewhat, as fairs are excluded from the compilation.



Table 8

SAN FRANCISCO CIVIC AUDITORIUM - BROOKS HALL  
1968-1969 Calendar

Event	Total Days <sup>1/</sup>	
	Civic Auditorium	Brooks Hall
Trade and Consumer shows	54	64
Conventions	46	57
Concerts	17	--
Concert rehearsals	8	--
Ice Capades	10	--
Basketball	10	--
Circus	8	--
Boxing	5	--
Auction	4	--
Theatricals	3	--
Graduations	3	--
Fol de Rol	3	--
Min-on of America	2	--
Karate	2	--
Table tennis tournament	3	--
Greek Independence Day celebration	1	--
ROTC competition	1	--
Ski Swap	--	3
Total	180	124

<sup>1/</sup> Includes move in and out.

Source: San Francisco Civic Auditorium.

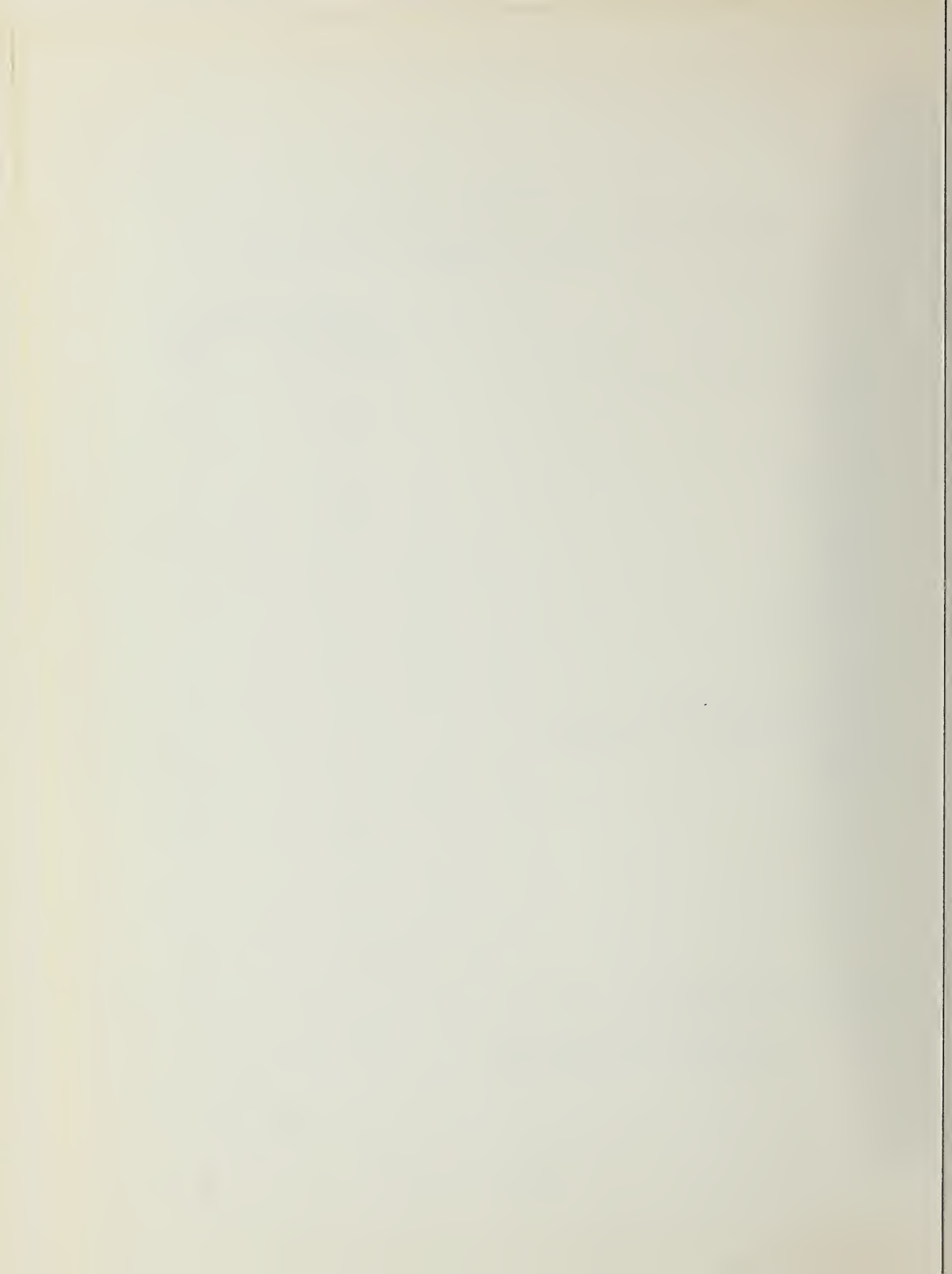




Table 9

DISTRIBUTION OF SCHEDULED CONVENTIONS AND SHOWS  
IN THE UNITED STATES BY EXHIBIT SPACE REQUIREMENTS  
1968

<u>Space Requirements (net square feet)</u>	<u>Number of Conventions</u>	<u>Percentage of Total Conventions</u>
Less than 25,000	2,977	85%
25,000-49,999	271	8
50,000-74,999	108	3
75,000-99,999	33	1
100,000-149,999	41	1
150,000-199,999	31	1
200,000 and over	<u>29</u>	<u>1</u>
Total conventions	3,490	100%

Source: World Convention Dates.

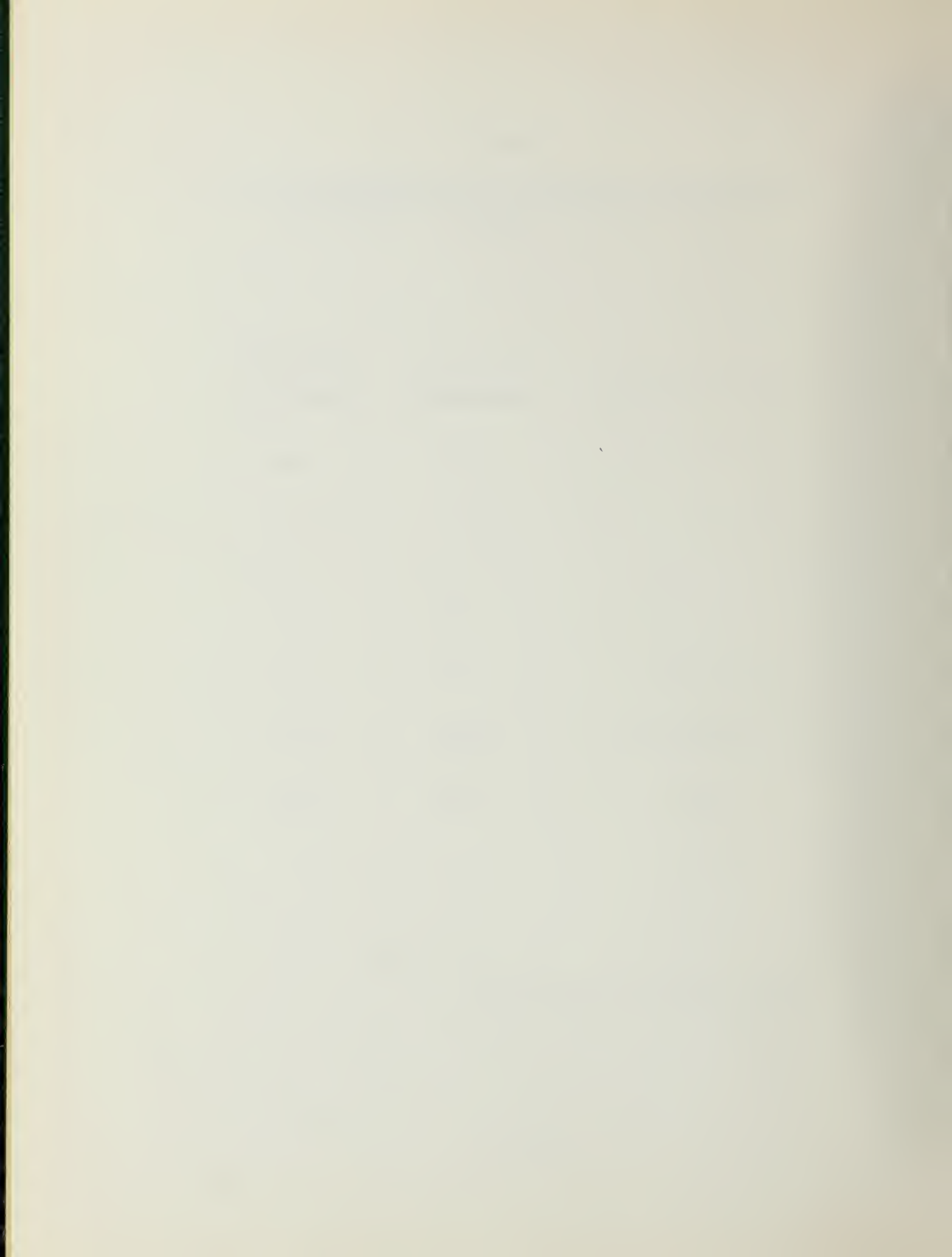


Table 10

DISTRIBUTION OF SCHEDULED CONVENTIONS IN THE  
UNITED STATES BY NUMBER OF DELEGATES  
1968

<u>Number of Delegates</u>	<u>Number of Conventions</u>	<u>Percentage of Total Conventions</u>
Less than 500	4,546	60%
500-999	1,801	24
1,000-1,999	620	7
2,000-2,999	221	3
3,000 and over	<u>460</u>	<u>6</u>
Total	7,648	100%

Source: World Convention Dates.



that an estimated 242 conventions and consumer shows were held in the United States during 1968 whose space requirements exceeded that available in Civic Auditorium-Brooks Hall. Of these conventions and shows, approximately 207 do not travel, or limit their travel between New York and Chicago. Thus, the pool of new events from which Yerba Buena Center can draw numbers approximately 35.

During the past five years, exhibit space requirement growth rates have varied widely from industry to industry. Because certain types of conventions are far more likely to rotate than others, a comparison of the total number of events whose exhibit space requirements exceeded 50,000 net square feet does not adequately reflect the potential pool of new events from which the Yerba Buena Center Exhibit Hall can draw in the future. Consequently, the derivation of a new event potential and subsequent projection of the number of new event-days to be attracted to the facility was based upon a careful analysis of the growth and rotational pattern of each industry requiring convention space from statistical sources, together with a sample survey of managements representing 58 major conventions and local consumer shows.

Since 1965, the number of public show event-days held in San Francisco has increased, although erratically. While some shows have been scheduled successfully on an annual basis, there has been a certain amount of turnover in the event schedule. A notable example of a show which was not as successful as its New York promoter anticipated, and which is not expected to return to San Francisco, is the United States World Trade Fair. The show did not live up to expectations, according to the promoter, due to insufficient exhibitor participation.

Shows which are expected to transfer to the new facility will be primarily local in nature and have been regularly scheduled in the past on an annual basis. Table 11 lists those shows held in San Francisco and the number of event-days experienced between 1965 and 1968.

According to California promoters, San Francisco has a considerable potential for new consumer show events, although analysis of Table 11 does not indicate growth in event-days for major shows. These promoters contend that the lack of development of major consumer shows in the city is due to inadequate facilities, and that construction of Yerba Buena Center will do much to alleviate this situation. Certain promoters have already indicated an intent to request tentative dates at



Table 11

SHOWS, SPECIAL EVENTS, AND SPECTACULARS  
IN SAN FRANCISCO  
1965-1968

Event	Event-Days				Facility
	1965	1966	1967	1968	
G.G. Kennel Club Dog Show	2	2	2	2	Cow Palace
San Francisco Sports and Boat Show	10	10	10	10	Cow Palace
California Home Furnishings Exposition	9	10	10	10	Brooks Hall
Bay Area Science Fair	5	5	5	5	Academy of Science
Junior Grand National Livestock Exposition and Horse Show	6	6	4	5	Cow Palace
Coin and Currency Fair	1	5	1	1	Hall of Flowers, Golden Gate Park
Scout-O-Rama	1	1	--	1	Cow Palace
Concours d'Elegance	1	--	1	1	Presidio Athletic Field
Polack Brothers Circus	3	--	3	3	Civic Auditorium
Ice Follies					Winterland
Summer Dog Show	1	1	1	1	Brooks Hall
Ringling Brothers Barnum and Bailey Circus	6	6	8	5	Cow Palace
Gem and Mineral Fair	1	2	2	2	Hall of Flowers, Golden Gate Park
San Francisco Flower Show	3	3	3	3	Hall of Flowers, Golden Gate Park





Table 11  
(Continued)

Event	Event-Days			Facility
	1965	1966	1967	1968
San Francisco Sheriff's Posse Horse Show	2	2	2	2
San Francisco Autorama	3	--	--	--
Bay Area Antique Show	4	5	5	5
Ski and Winter Sports Show	3	4	3	4
Golden West Cat Show	2	2	2	2
Vintage Festival	1	2	2	2
Folk Dance Festival	1	--	--	1
Pacific Coast Quarter Horse Show	4	5	5	--
Grand National Livestock Exposition, Horse Show and Rodeo	10	10	10	10
Gotti-Charles Circus	1	--	--	--
Ice Capades	7	7	6	6
San Francisco Potters Show	1	1	1	1
Imported Car Show	6	6	6	7
International Boat Show	--	5	--	8
San Francisco Hi-Fi Music Show	--	4	--	4
Western Philatelic Exhibition	--	3	--	2
Art and Hobby Show	2	2	2	--
				Park
				Polo Field, Golden Gate Park
				Cow Palace
				Brooks Hall
				Cow Palace
				Hall of Flowers, Golden Gate Park
				Hall of Flowers, Golden Gate Park
				Kezar Pavilion
				Cow Palace
				Cow Palace
				Nourse Auditorium
				Civic Auditorium
				Hall of Flowers, Golden Gate Park
				Brooks Hall
				Civic Auditorium
				Civic Auditorium
				Jack Tar Hotel
				Hall of Flowers, Golden Gate Park



Table 11  
(Concluded)

Event	Event-Days			Facility
	1965	1966	1967	1968
Senior Citizens Hobby Show	--	6	6	--
U.S. World Trade Fair	--	11	--	--
Rudy Brothers Circus	--	3	--	--
Teenage Fair	--	5	--	--
PAL Circus	--	1	2	2
Sport Cycle Exposition	--	4	4	--
International Science Fair	--	--	2	--
Northern California Mobile Home and Travel Trailer Show	--	5	7	5
Moscow Circus	--	--	4	--
Arms Collectors Show	--	1	1	1
Palace Antique Show	--	--	--	3
Knights of Columbus Circus	--	--	--	2
International Vintage and Wine Tasting Festival	--	--	--	1
California International Antique Show	--	--	4	4
Mexican Rodeo and Horse Show	--	--	3	3
California Numismatic Exhibition	--	--	--	4
Total	96	145	127	128

Source: San Francisco Convention and Visitors Bureau.



the facility, and this has been taken into consideration in projecting the days of use. Table 12 indicates the size distribution of San Francisco trade and consumer shows held between 1964 and 1968.

#### Revenues from Conventions and Consumer Shows

Rental and concession revenues have been established on the basis of a survey of rates charged by comparable facilities in other major convention cities and on the present rate policy at Civic Auditorium-Brooks Hall.<sup>1/</sup> In this manner, the rental rate for conventions (full hall use) was set at \$6,000 per use-day and \$3,000 per in-out day; these rates were halved for one-half hall use. The rental rates for consumer shows was set on the same flat fee basis, or 10 percent of gross receipts, whichever is greater. These fees include normal janitorial services, but do not include extraordinary<sup>2/</sup> expenses related to any particular convention or consumer show. These rates would be published, with no allowance for negotiation.

ERA considers these rates to be very competitive with those at other facilities; they are below the median stated rates charged by the facilities surveyed, after adjusting for differences in the determination of rentals. Only the Las Vegas Convention Center's stated rates are substantially below those indicated for the Yerba Buena Center Exhibit Hall. On a per-square-foot basis, Yerba Buena Center's rates are scheduled to be approximately 50 percent higher than the current rental charges at Brooks Hall. This increase is justified, however, on the basis that the new facility will offer more modern accommodations than those at the Civic Auditorium-Brooks Hall complex. Moreover, the rental rates established for the Yerba Buena Center Exhibit Hall compare favorably with those charged by comparable convention halls around the country.

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<sup>1/</sup> The facilities surveyed were the Las Vegas Convention Center, Cobo Hall in Detroit, McCormick Place in Chicago, Houston's Astrodome, the Philadelphia Convention Hall, the Cleveland Exhibition Hall, New Orleans International Exhibit Hall, Boston's War Memorial Auditorium, the Atlantic City Convention Hall, the Minneapolis Convention Hall, and the Denver Convention Hall. Only five of these facilities are actually equivalent in terms of exhibition space.

<sup>2/</sup> Such as decorating costs, registration and ticket seller labor, supplies, and so forth.





Table 12

SIZE OF SAN FRANCISCO TRADE AND  
CONSUMER SHOWS  
1964-1968

<u>Number Attending</u>	<u>Number of Shows</u>				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Less than 1,000	2	3	3	4	0
1,000-1,999	5	5	1	3	5
2,000-2,999	2	8	5	3	1
3,000-3,999	1	0	0	6	5
4,000-4,999	0	1	0	1	4
5,000-6,999	0	0	2	3	4
7,000-9,999	3	4	3	3	2
10,000-14,999	2	2	3	1	3
15,000-24,999	2	5	4	5	5
25,000 and over	<u>7</u>	<u>7</u>	<u>8</u>	<u>12</u>	<u>8</u>
Total	24	35	29	41	37

Source: San Francisco Convention and Visitors Bureau.



Concession revenues estimated for the facility are based upon the rates currently in effect at Civic Auditorium-Brooks Hall. These rates range from 10.0 to 37.5 percent depending upon the type of activity. ERA's projections of the number of convention and consumer show days of use together with rental and concession revenues for the proposed facility, are presented in Table 13.

## THE SPORTS ARENA

### Introduction

A sports arena, with permanent seating for 14,000 persons, is one of the major components of Yerba Buena Center. Primary utilization of this facility will focus on sporting and other events requiring a large seating capacity. A discussion of competitive facilities and potential tenants for the subject facility is presented in the following pages.

### Sporting Events

A seasonal calendar of sports events held in San Francisco during a typical year is presented in Table 14. Professional baseball dominates spring and summer activities, with professional basketball accounting for the majority of the winter sports program; along with professional football, basketball also represents sports offerings in the fall. Every major professional sport, with the exception of ice hockey, is represented in the city.

Comparing the schedule of San Francisco sports events with other major West Coast cities indicates, in addition to ice hockey, a San Francisco deficiency in collegiate athletics. Although the University of San Francisco and San Francisco State College feature athletic programs varying in emphasis, other universities and colleges in the Bay area, capable of attracting large crowds to athletic events, have adequate facilities on campus and are unlikely to play a significant number of games in a public facility in San Francisco. It would appear that the deficiency in collegiate offerings in the city will continue.

Given the difficulties of establishing a sporting event calendar of broader scope (either in terms of new events or expanded schedules of existing events), attracting larger crowds must rest on increasing the importance of sports. Subsequent paragraphs will explore this possibility



Table 13

UTILIZATION AND REVENUES FOR THE PROPOSED  
YERBA BUENA CENTER EXHIBIT HALL

<u>Convention Hall</u>	<u>Use-Days</u>	<u>In-Out Days</u>	<u>Revenues</u>	
			<u>Rental</u>	<u>Concession</u>
Convention/trade shows (full hall)	23	23	\$207,000	\$22,000
Convention/trade shows (half hall)	18	10	69,000	8,600
Consumer shows	<u>33</u>	<u>18</u>	<u>258,800</u>	<u>51,900</u>
Total	74	51	\$534,800	\$82,500

Source: Economics Research Associates.



Table 14

SPORTS EVENTS HELD IN SAN FRANCISCO AND COW PALACE  
IN A TYPICAL YEAR

Event	Event Days				Principal Facility
	Total Year	Winter	Spring	Summer	Fall
Baseball (Professional)	81	--	40	36	5
Football (Professional)	10	--	--	3	7
Basketball					
Professional	40	24	--	1	15
College	15	6	--	--	9
Exhibition	2	2	--	--	--
Ice hockey	--	--	--	--	--
Boxing	2	1	1	--	--
Wrestling	15	3	4	3	5
Roller derby	10	2	3	3	2
Indoor track	<u>2</u>	<u>2</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	177	40	48	46	43

1/ Starting 1970; formerly held in Kezar Stadium.2/ San Francisco has no professional hockey team.

Source: Economics Research Associates.





for each type of event as well as presenting data on performance patterns. In context with succeeding material, it should be remembered that attendance for any given sporting event is subject to numerous qualitative factors, the most significant of which is usually the success or failure of the team involved.

### Professional Basketball

Professional basketball in San Francisco has yet to achieve any substantial measure of public support. Attendance during the 1968-1969 season averaged 5,000 persons per game, considerably less than in many other National Basketball Association cities. This per-game figure can be attributed to two major factors: (1) the lack of success in winning the Western Division of the NBA; and (2) the absence of a first-rate facility in which to compete. Since moving to San Francisco, the Warriors have played their home games in several facilities, most notably the Cow Palace and the Civic Auditorium, neither of which can be considered a first-quality sports arena.

San Francisco Warrior management was contacted to ascertain their interest in utilizing the proposed sports arena, and stated they would play 75 to 80 percent of their league home games plus all playoff games in the new facility. However, they want to retain the flexibility to play approximately 20 to 25 percent of their games in such places as the Cow Palace and the Oakland Coliseum.

### Ice Hockey

In 1966, the city of San Francisco was awarded a National Hockey League franchise. After two relatively unsuccessful years, in terms of both team performance and attendance, the team was moved to Oakland. There, although the team's performance has improved to the point where it is now considered a contender for the Western Division title, it still has been far from successful at the gate. Attendance has averaged 4,000-5,000 per game, placing Oakland with Pittsburgh at the bottom of the league in attendance. Frequently, rumors have arisen relative to an impending move to Canada; however, these have done little to prompt local residents to support the team. While these rumors were circulating, the National Hockey League Board of Governors, which must approve all relocations, voted unanimously to keep the franchise in the Bay area.



They believe that spectator interest in ice hockey, although slow to occur, will eventually develop and prosper.

Management of the Oakland Seals have expressed considerable interest in utilizing the new sports arena for a number of reasons. At present, the Oakland Coliseum does not meet National Hockey League seating requirements. The facility, which seats approximately 12,000 persons for ice hockey, falls 2,000 seats short of minimum NHL seating requirements. One factor influencing the first move across the Bay was that San Francisco had no facility that met NHL floor requirements in terms of providing sufficient playing area. The new sports arena will be designed to meet NHL standards. In addition, such factors as proximity of the Yerba Buena Center complex, which will increase the number of potential spectators; the BART system; and the slightly higher per capita incomes in San Francisco, are all expected to contribute to the Seals' desire to utilize the proposed sports arena.

### Boxing

As a spectator sport, boxing appears to be in severe decline in the Bay area, and particularly in San Francisco. Problems besetting the sport include the absence of name competition, lack of financing, and the scarcity of suitable facilities. The fact that only three events were promoted in San Francisco in 1968 bears evidence of boxing's currently low spectator status. The Oakland Coliseum is the only major boxing facility in the Bay area and its success in promoting quality events has been less than encouraging. The Jerry Quarry-Brian London heavyweight bout, featuring two top name boxers, attracted less than 3,000 spectators.

Discussions with boxing promoters in San Francisco indicated that much of boxing's decline was due to the absence of a major first-rate facility in which to hold such events. They felt that with a new arena, the sport could be revived in San Francisco; however, it would take several years to accomplish this. Attendance at boxing events in the first few years would likely be unspectacular except for championship events.

### Wrestling

In contrast to boxing, wrestling has been developing throughout the Bay area, yielding the highest attendance per spectator event with the



exception of the San Francisco Giants and San Francisco 49ers. For the past several years, an average of one event per month has been promoted at the Cow Palace, achieving attendances as high as nearly 12,000 fans. Promoters indicated they were satisfied with their present arrangements in the Cow Palace and other small facilities and would not be willing at this time to move to a new facility. They indicated, however, a willingness to consider staging four to six new events per year in the proposed arena.

### Roller Derby

Similar to wrestling in appeal and in type of attendance, the roller derby is currently enjoying an active position on the San Francisco sports calendar. The local teams have achieved attendances ranging between 8,000 and 9,000 fans for major events held in the Cow Palace. The teams also play a certain portion of their schedule in Richmond, San Jose, and Oakland, where they also draw reasonably well.

Promoters of roller derby have stated they would use the new facility at least a dozen times a year where they believe they could draw reasonably well on a once-a-month-or-more basis. The new facility must provide a roller derby track, of course, which would represent an estimated \$5,000 investment.

### Other Sports Events

Remaining events usually considered athletic in nature include five days of rodeo, three of equestrian activity, and two of indoor track, all of which are currently held at the Cow Palace. Because of the character, image, and facilities of the Cow Palace, it is unlikely that equestrian and rodeo events represent serious potential for a new facility; indoor track, however, would provide event potential, perhaps as much as 5,000 to 7,000 paid admissions per event, based on previous performances.

Professional indoor tennis represents new event potential. One of the historical obstacles in attracting professional indoor tennis to San Francisco was the absence of a first-rate facility. One professional tennis tournament, three days in duration, is projected by ERA for the new facility.





## Other Events

In addition to athletic events, several other types of gatherings represent prime tenants for the sports arena. Ice shows, circuses, musical spectaculars, and convention and trade show meetings are among several potential users of this facility, and, in fact, both the Ice Follies and Ice Capades have expressed an interest in utilizing the new arena. Ice Follies has estimated it would use the facility 25 days a year; Ice Capades, an estimated 10 days per year. Attendance per event is estimated at 8,000 persons. Considerable foresight must be given to the scheduling of these events, so as to prevent a conflict of dates.

Musical spectaculars featuring name entertainers represent another prime source of use. Both in Oakland and Los Angeles, such shows have been quite successful, playing many times to standing room crowds. ERA has estimated that, based on performance schedules in other major cities, a minimum of 12 musical spectaculars per year, each attracting an average of 12,000 paid admissions, could be successfully staged at the sports arena.

A total of 10 days utilization per year by conventions and trade shows has been projected for the facility. Because of the variances in the number and size of conventions currently being held in San Francisco each year, utilization by this segment could vary considerably from year to year.

## Competitive Facilities

Three major facilities located in the Bay area can be considered competitive with the proposed sports arena: (1) Cow Palace; (2) Civic Auditorium-Brooks Hall; and (3) the Oakland Coliseum. It is the opinion of ERA that none of these facilities will represent serious competition for major sporting events (basketball and ice hockey) to be held in the proposed facility, for reasons to be discussed in the following paragraphs.

### Cow Palace

The Cow Palace, during the course of a normal operating year, houses trade shows and professional sports. Its greatest advantages, as stated previously, relate to its size. Seating capacity can expand to



17,000 and the parking lot can accommodate over 5,500 cars. Freeway access is quite good although access by public transportation is poor. For most sporting events, the Cow Palace is generally adequate although not technically ideal by modern standards.

However, the Cow Palace's previously mentioned inadequacies severely weaken its competitive position relative to the proposed arena. It is evident that the facility was designed for agricultural purposes. Unfortunately, this orientation has done little to enhance the image and reputation of the facility. The two largest potential users of the new arena, professional basketball and ice hockey, have indicated that the Cow Palace is less than satisfactory. As previously mentioned, it does not conform to National Hockey League standards in terms of physical layout. The San Francisco Warriors have indicated they will play the majority of their games in the proposed arena, playing only two to four games per year in the Cow Palace. Only in the area of wrestling does the Cow Palace appear to offer serious competition; however, this results in the loss of only 6 to 10 event-days per year. A schedule of sporting events held in the Cow Palace in 1967 and 1968 is shown in Table 15.

Because of the extreme importance to the Cow Palace of retaining nonagricultural events, it is likely the facility will aggressively try to protect its current event program. The opening of the Oakland Coliseum did not appear to reduce the number of event-days at the Cow Palace; however, ERA believes, based on discussions with numerous promoters, that a new facility in San Francisco could capture considerable business from the Cow Palace. Given the choice of either facility at comparable rental rates, promoters indicated they would select the proposed arena.

#### Civic Auditorium-Brooks Hall

The Civic Auditorium-Brooks Hall complex, operated by the city of San Francisco, is utilized primarily as an exhibit hall for conventions and trade shows. It does not possess the seating capacity or physical layout to compete with the proposed facility for major sporting events. In fact, such events accounted for only six days of use in 1968, four days of basketball and two of boxing. It is assumed that the new facility will be managed by the city, and sporting events such as basketball and ice shows, presently scheduled in the Civic Auditorium, will be reassigned into the more suitable sports arena.

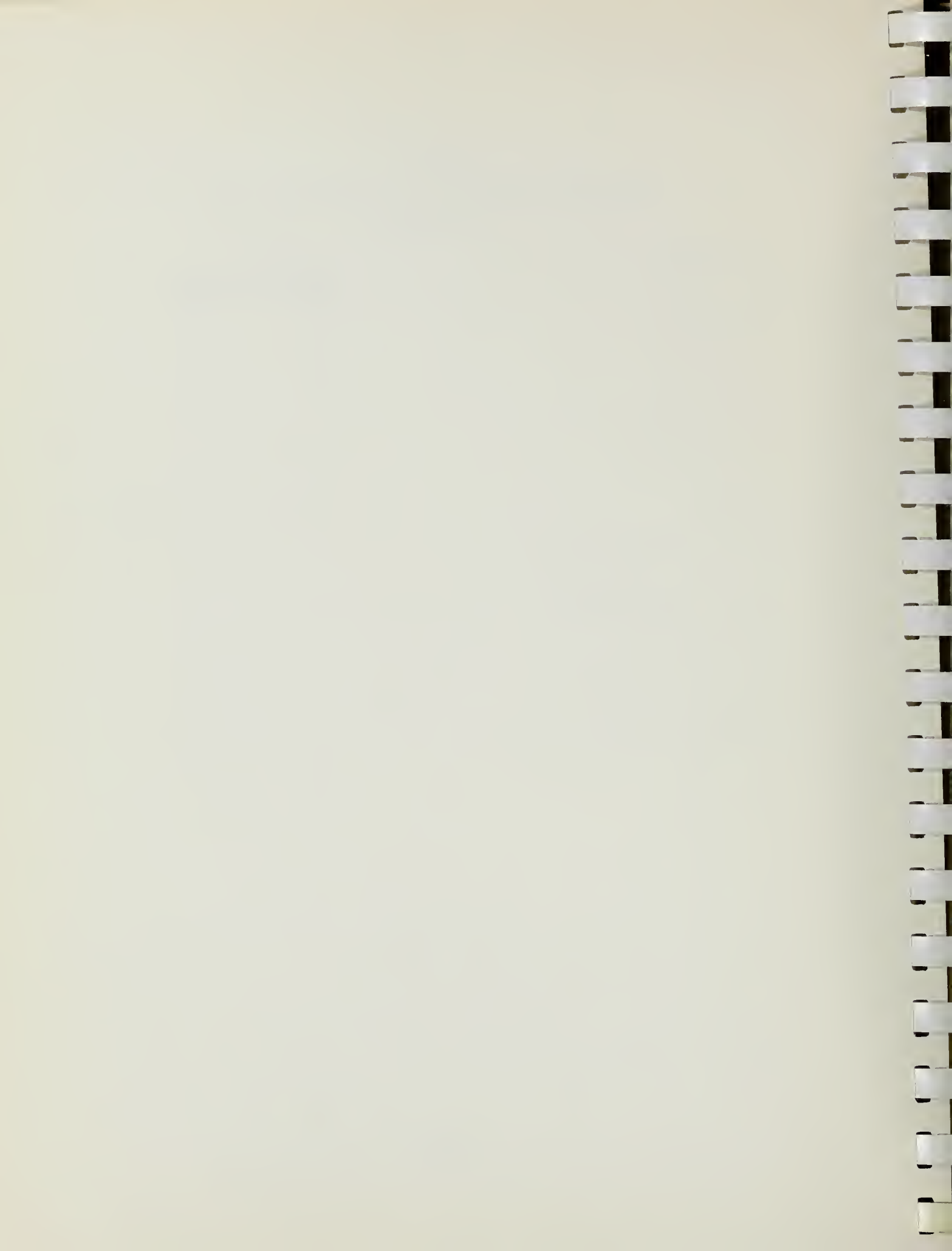


Table 15

SPORTING EVENTS HELD IN COW PALACE  
1967-1968

<u>Event</u>	<u>Event Days</u>	
	<u>1967</u>	<u>1968</u>
Basketball	22	23
Wrestling	15	15
Roller derby	9	9
Indoor track	2	1
Boxing	4	1
Rodeo and horse show	-	3
Karate championship	-	1
Ice hockey	-	2
Motorcycle races	1	1
Midget auto races	<u>-</u>	<u>1</u>
Total	53	57

Source: Cow Palace.





### Oakland Coliseum

The Oakland Coliseum will compete vigorously with the proposed arena for major sporting events, essentially basketball and ice hockey. However, assuming the move of the ice hockey franchise to San Francisco upon completion of the new arena, and the recent transfer of the Oakland Oaks basketball team to Washington, D. C. , the Oakland Coliseum stands to lose nearly 80 event-days. Events such as roller derby, boxing, and wrestling can be accommodated successfully on a limited basis by both facilities. A schedule of sports events held in 1968 at the Oakland Coliseum is presented in Table 16.

### Projected Utilization and Revenues for Proposed Sports Arena

With the preceding material as background, it is possible to project a reasonable schedule of events for the proposed sports arena in a typical operating year. Once the event schedule is established, projections of income can be derived using prevailing rate patterns at similar facilities.

### Schedule of Events

The projected schedule of events for the proposed 14,000-seat sports arena in Yerba Buena Center is presented in Table 17. As shown, total use-days are projected at 185, with professional basketball and ice hockey and the ice shows accounting for nearly two-thirds of this total, and new event demand accounting for less than 15 percent. Variety and headliners and conventions and meetings represent the majority of this new event demand. With the exception of professional tennis, based on discussions with owners and promoters, these events will move to the proposed facility.

### Gross Operating Income

In addition to the basic schedule of events noted earlier, estimates of gross income depend upon such other factors as average attendance per event, admissions pricing, and per capita concession spending. Competitive factors account for rental rates and percentage of concession income that realistically can be expected to accrue to the facility. In setting rentals and concession fees, the rate pattern of various major facilities in





Table 16

OAKLAND COLISEUM EVENT SCHEDULE  
1968-1969

Event	Event Days
Basketball	43
Ice hockey	30
Roller derby	24
Baseball	7
Tennis	4
Boxing	3
Figure skating	3
Northern California Boat and Sports Show	10
California Spring Garden and Home Show	7
Holiday On Ice	7
Ringling Brothers Circus	6
Salute to Jazz	1
Smothers Brothers	1
Jimi Hendrix Experience	2
The Cream	1
Sonny James	1
Diana Ross and the Supremes	1
Johnny Cash/Marty Robbins	1
Bill Cosby	1
Creedence Clearwater Revival	1
Johnny Carson/Phyllis McGuire	1
Rowan and Martin	1
The Temptations	1
Steppenwolf/Three Dog Night	1
Total	158

Source: Oakland Coliseum.

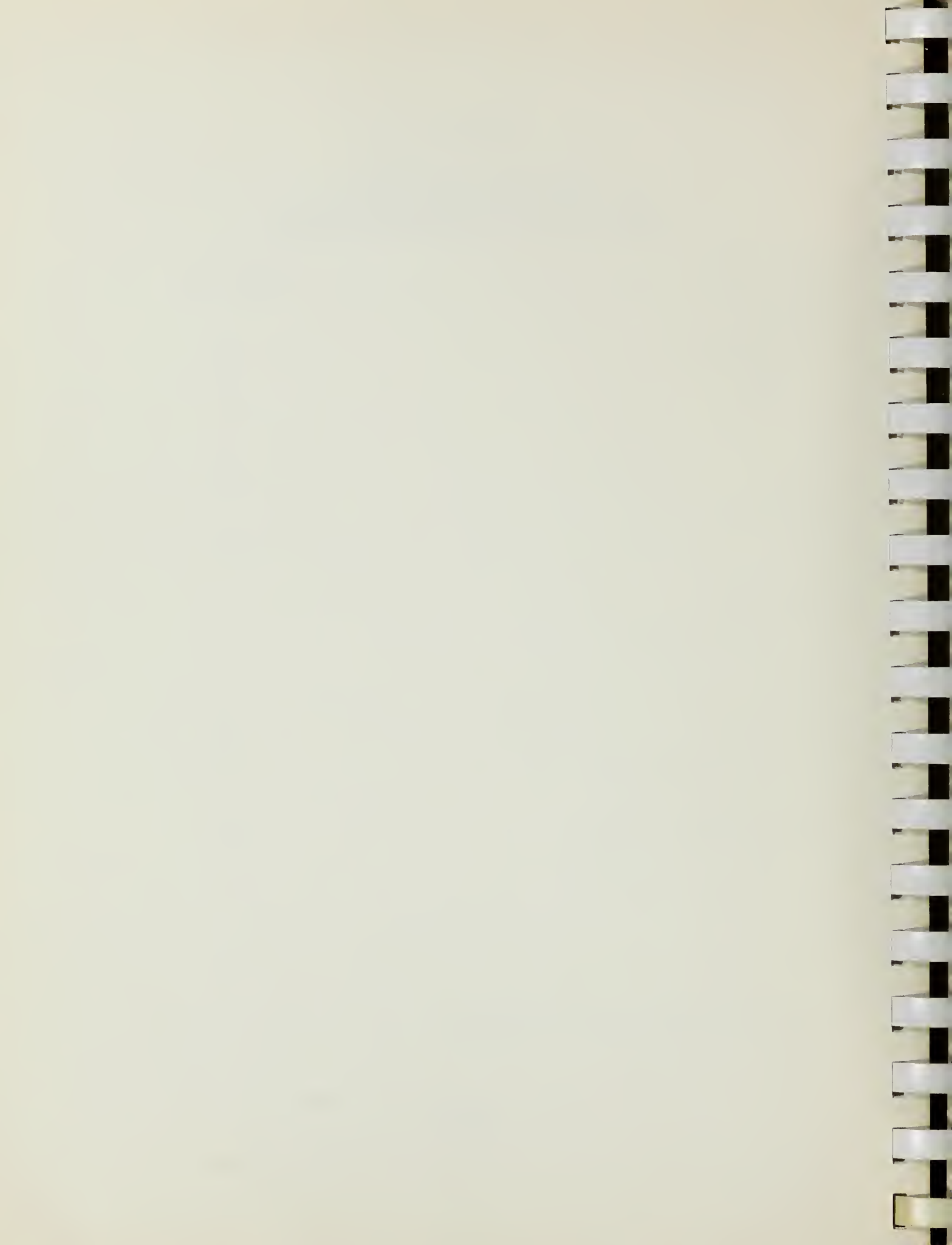


Table 17

SCHEDULE OF EVENTS  
FOR A TYPICAL OPERATING YEAR  
YERBA BUENA CENTER SPORTS ARENA

<u>Type of Use</u>	<u>Use-Days</u>
Basketball	
Professional	38
Exhibition	2
College	4
Ice hockey	44
Boxing	12
Wrestling	6
Roller derby	12
Indoor track	2
Professional tennis	3
Circus	5
Ice show	35
Variety and headliners	12
Conventions and meetings	<u>10</u>
Total facility utilization	185

Source: Economics Research Associates.



the western United States were reviewed and then adjusted to reflect the Bay area situation. This was considered to be a realistic approach in view of continued operation of three major facilities with which the new arena would compete. The rental schedule finally established is shown in Table 18.

The concession income rate has been set at 25 percent of gross concession revenues. Although some facilities manage to achieve 5 to 10 percent above ERA's figure, this often leads to diminished quality or a reduction in the amount of food or beverage offered patrons. This in turn often has an adverse effect upon per capita spending and consequently decreases income to the facility. Moreover, concession spending is perhaps the most sensitive element of operation in terms of public opinion. If poor concession practices result from an attempt to "squeeze" the concessionaire with a high rent, the entire image of the arena suffers.

Table 19 shows the results of applying the indicated rental schedule to the projected schedule of events. Attendance per event reflects probable event support in the Bay area. Ticket prices and per capita concession spending are based on experience factors realistic for planning purposes. Generally speaking, per capita ticket prices have increased over the past five years, whereas concession spending has remained fairly constant. The table indicates total revenues to the arena of \$704,980 in a typical year of operation.

#### COMBINED REVENUE--EXHIBIT HALL AND SPORTS ARENA

Total revenues for the combined operation of the exhibit hall and sports arena are presented in Table 20; as shown, a total of \$1,322,280 in revenues is projected. Revenue from operation of the sports arena contributes nearly 60 percent of the total.

#### OPERATING EXPENSES--EXHIBIT HALL AND SPORTS ARENA

In the absence of either an existing operating organization or detailed physical plans for structure and equipment, the most reasonable method of evaluating likely operating expenses is through a comprehensive analysis of expense patterns and operating practices of comparable facilities. Operating data and staffing requirements were obtained for the Civic Auditorium-Brooks Hall complex, the Cow Palace, and Los Angeles Sports Arena.





Table 18

RECOMMENDED RENTAL RATES  
YERBA BUENA CENTER SPORTS ARENA

<u>Event</u>	<u>Rental Rates<sup>1/</sup></u>
Basketball	
Professional	10%
Exhibition	10
College	10
Ice hockey	10
Boxing	10
Wrestling	12
Roller derby	12
Indoor track	10
Professional tennis	12
Circus	12
Ice show	12
Variety and headliners	12
Conventions and meetings	\$2,000 per event <sup>2/</sup>

<sup>1/</sup> Percentage of gross receipts after admissions tax.

<sup>2/</sup> Comparable to similar-type facilities.

Source: Economics Research Associates.



Table 19

PROJECTED UTILIZATION AND REVENUES  
YERBA BUENA CENTER SPORTS ARENA

Sports Arena	Use-Days	Attendance		Average Ticket Price	Event Income	Rental Revenue	Per Capita Concession Spending	Gross Concession Revenue	Net Concession Revenue <sup>1/</sup>	Combined Rental and Concession Revenue
		Average Per Event	Annual Total							
Basketball										
Professional	38	6,000	228,000	\$4.00	\$ 912,000	\$ 91,200	\$0.40	\$ 91,200	\$ 22,800	\$114,000
Exhibition	2	7,000	14,000	4.00	64,000	6,400	0.50	7,000	1,750	8,150
College	4	6,000	24,000	2.50	60,000	6,000	0.30	7,200	1,800	7,800
Ice hockey	44	7,000	308,000	4.50	1,386,000	138,600	0.40	123,200	30,800	169,400
Boxing	12	5,000	60,000	3.50	210,000	21,000	0.60	36,000	9,000	30,000
Wrestling	6	7,000	42,000	3.50	147,000	17,640	0.60	25,200	6,300	23,940
Roller derby	12	7,000	96,000	3.00	288,000	34,560	0.60	57,600	14,400	48,960
Indoor track	2	7,000	14,000	3.00	42,000	4,200	0.60	8,400	2,100	6,300
Professional tennis	3	5,000	15,000	4.00	60,000	7,200	0.60	9,000	2,250	9,450
Circus	5	7,500	37,500	3.00	112,500	13,500	0.70	26,250	6,560	20,060
Ice show	35	8,000	280,000	4.00	1,120,000	134,400	0.30	84,000	21,000	155,400
Variety and headliners	12	12,000	144,000	4.00	576,000	69,120	0.40	57,600	14,400	83,520
Conventions and meetings	10	8,000	80,000	--	--	20,000 <sup>2/</sup>	0.40	32,000	8,000	28,000
Total	185					\$563,820			\$141,160	\$704,980

<sup>1/</sup> Computed at 25 percent of gross concession revenue.

<sup>2/</sup> Based on a rental of \$2,000 per meeting.

Source: Economics Research Associates.



Table 20

PROJECTED GROSS REVENUES  
YERBA BUENA CENTER EXHIBIT HALL AND SPORTS ARENA

<u>Facility</u>	<u>Revenue</u>
Convention-exhibit hall rental	\$ 534,800
Convention-exhibit hall concessions	82,500
Sports arena rental	563,820
Sports arena concessions	<u>141,160</u>
Total gross revenues	\$1,322,280

Source: Economics Research Associates.



In addition to evaluating the operating structures of these facilities to determine comparability, financial performance was also analyzed. Accounting data were adjusted to eliminate ground rent from the operating statement. Reimbursable expenses (those incurred by the facility and billed directly to tenants) were also eliminated, and the remaining expenses divided into fixed and variable categories.

From these and other data, a budget was evolved for the proposed Yerba Buena Center. Due to obvious economies of scale, the budget represents the cost of operating both facilities. There is little question that costs would increase were each facility to operate separately, as some sharing of expenses always results in a combined operation. Personnel needs and wage rates were estimated on the basis of experience at the other facilities; adjustments were made for prevailing patterns of increase in cost of living. Cost estimates were expressed in terms of a 1971 base. Other fixed and variable expenses were estimated and adjusted to reflect anticipated 1971 cost levels. Table 21 shows the results of these calculations, indicating fixed expenses of \$523,400 per year and variable expenses of \$850 per event-day for the proposed complex. Given the event schedule indicated in the preceding material, total costs are estimated at \$743,550 per typical operating year.

#### NET OPERATING INCOME

The calculations of revenue and expenses presented above for the complex yield an operating profit for a typical year of \$578,730, as shown in Table 22. It should be pointed out that many such facilities throughout the country operate at a loss. However, due primarily to revenues derived from the sports arena, a substantial operating income is projected. Sports arenas housing major professional teams and assuming average utilization of the facility for other types of events, normally show an operating profit. Facilities oriented toward convention and meeting utilization typically do not exhibit such a profit.

Figure 2 depicts operating data in the form of a simple break-even chart based on average income per event-day. Such an analysis, although oversimplified, indicates that break-even volume would be achieved at about 140 days of use. This presumes that each day added to the schedule would have an average revenue potential equal to that of the typical event-day at the facility.



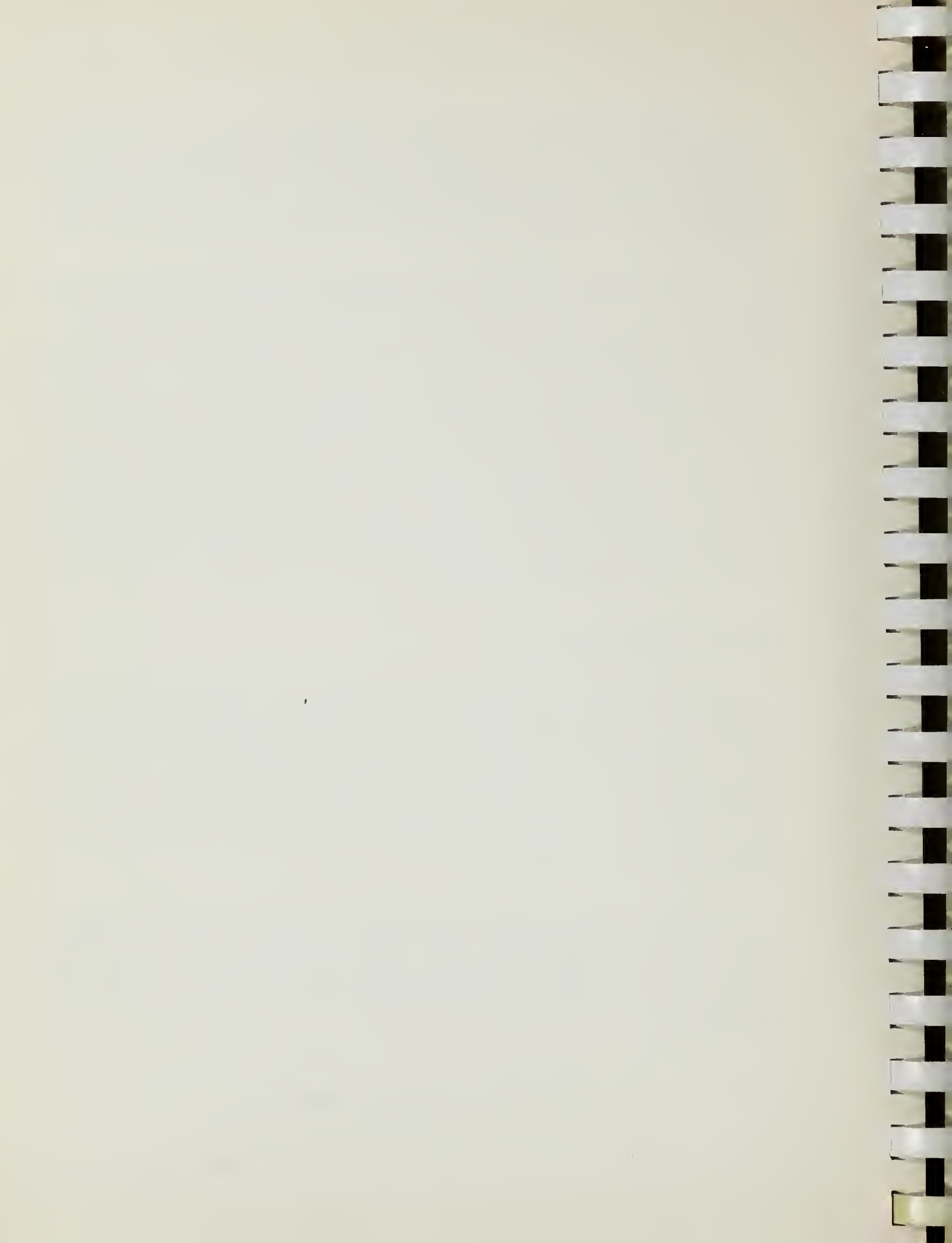


Table 21

ESTIMATED ANNUAL OPERATING EXPENSES  
TYPICAL YEAR OF OPERATION  
YERBA BUENA CENTER EXHIBIT HALL AND SPORTS ARENA

<u>Personnel</u>	<u>Number of Employees</u>	<u>Wages</u>
Manager	1	\$ 18,400
Assistant manager	1	14,000
Building superintendent	1	24,000
Secretary	1	13,200
Secretary-receptionist	1	6,000
Box office treasurer	1	10,000
Bookkeeper	1	7,200
Operating engineer	2	24,000
Chief electrician	2	24,000
Maintenance men	4	30,000
Guards	4	24,000
Janitors	<u>4</u>	<u>28,800</u>
Total personnel	23	\$223,600
Payroll taxes and benefits at 12 percent of payroll		<u>26,800</u>
Total		\$250,400
Other fixed expenses		
Contract services		72,000
Repairs and maintenance		60,000
Utilities		75,000
Insurance		30,000
Materials and supplies		24,000
Miscellaneous		<u>12,000</u>
Total fixed expenses		\$523,400
Variable expense (259 days use at \$850 per event-day)		<u>220,150</u>
Total operating expenses		\$743,550

Source: Economics Research Associates.

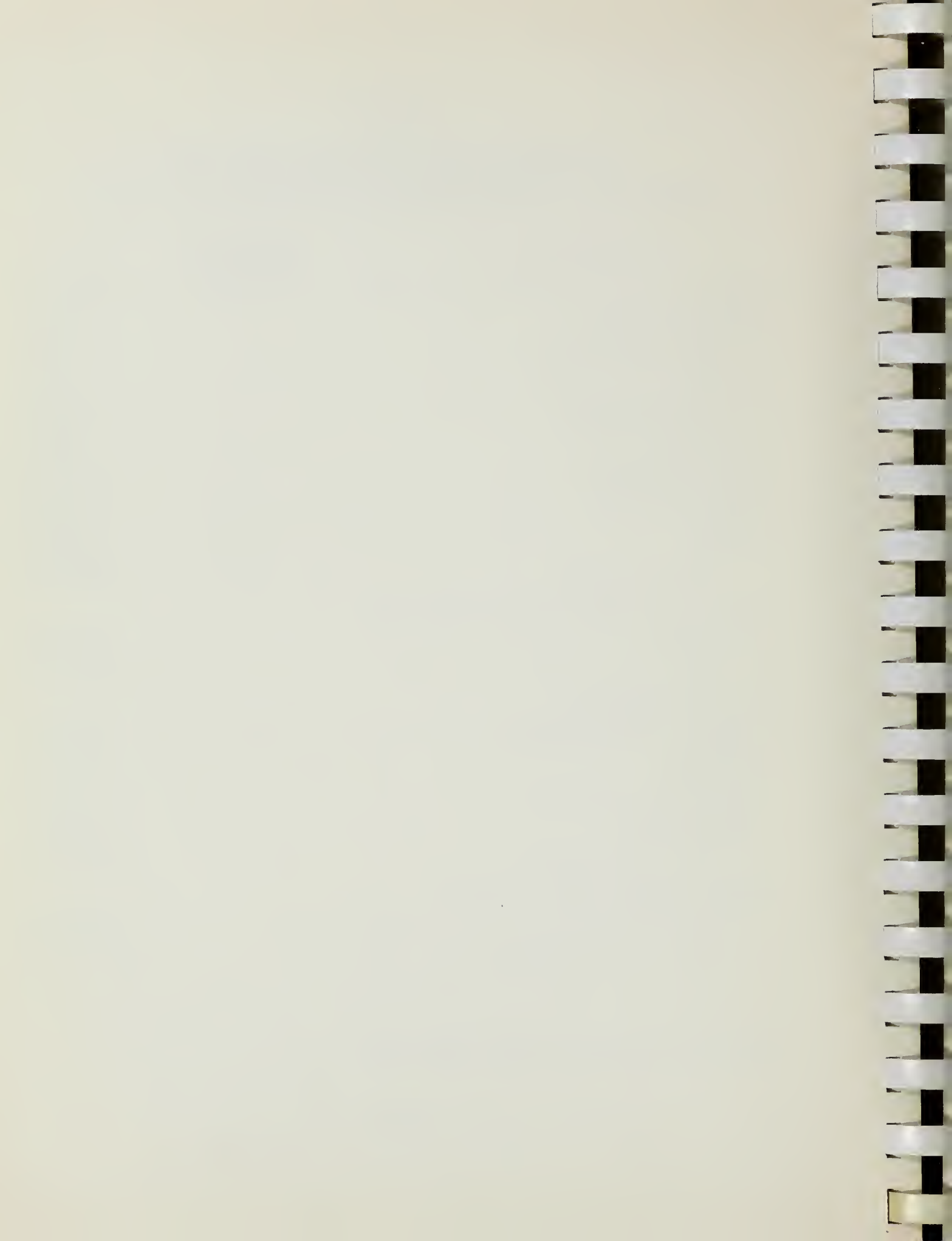


Table 22

ESTIMATED ANNUAL OPERATING INCOME  
TYPICAL YEAR OF OPERATION  
YERBA BUENA CENTER EXHIBIT HALL - SPORTS ARENA

	<u>Amount</u>
Estimated gross annual revenues	\$1,322,280
Less: Estimated annual fixed expenses <sup>1/</sup>	<u>523,400</u>
Subtotal	\$ 798,880
Less: Estimated annual variable expenses	<u>220,150</u>
Estimated net annual operating income	\$ 578,730

1/ Excludes depreciation.

Source: Economics Research Associates.



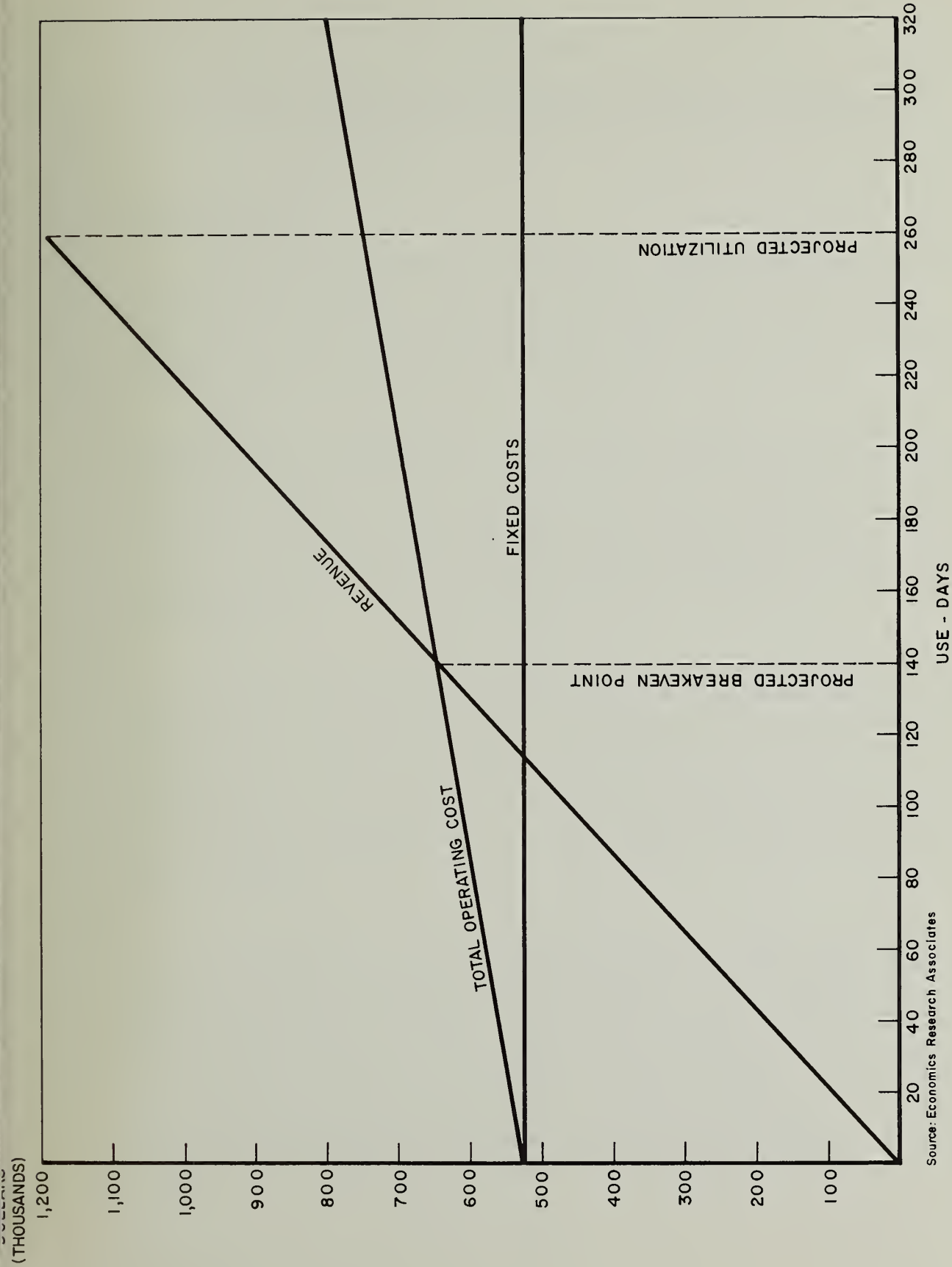


Figure 2

PROJECTED BREAK-EVEN USAGE  
YERBA BUENA EXHIBIT HALL AND SPORTS ARENA  
TYPICAL OPERATING YEAR





## Section IV

### PROJECTED UTILIZATION AND ECONOMIC PERFORMANCE OF YERBA BUENA CENTER 2,200-SEAT THEATER

#### INTRODUCTION

This section contains an analysis of projected usage and estimated revenues and expenses for the 2,200-seat theater in Yerba Buena Center. The methodology used in deriving utilization and operating performance was similar to that used for the sports arena: contacts with potential users and analyses of operating statements for similar theaters.

Theater-use projections are somewhat tenuous for several reasons. First, theaters are highly specialized structures whose design is oriented toward the presentation of a few rather than multi-purpose uses, as in a sports arena. Second, the size and scope of a theater limit further the type of presentation that can be effectively staged. For example, a 2,200-seat theater would not be ideal for performance of small instrumental or chamber music groups, dramatic readings, or little theater presentations.

Contributing to the difficulties of predicting use patterns for the theater over a period of years is the currently unstable nature of legitimate theater in the United States. San Francisco, as with other western cities, relies almost exclusively upon Broadway for the bulk of its dramatic presentations. For musical comedy, the Civic Light Opera Association, headquartered in Los Angeles, but also relying heavily on New York, provides the productions. As a result, two trends affecting show production are significant in evaluating use potentials for the proposed Yerba Buena Theater.

The first of these is the flight of venture capital from new proscenium theater construction, resulting in gradual elimination of performance facilities throughout the United States. Once a flourishing business attracting substantial capital, proscenium theater has gradually lost its mass market appeal--first to the motion picture industry and subsequently to television, particularly with the advent of color TV. High rents and increasing operating costs have also contributed heavily to the decline of new proscenium theater construction from the private sector, and have caused the elimination or conversion to other use of performing facilities



in New York and around the country. Over the long term, a decline in available facilities in major theatrical centers means a decline in the number of performances available to go on the road. However, this factor is offset to a large degree by the accelerated interest in many communities in developing public facilities for original works.

The second factor contributing to the difficulty of projecting precise theater-use is the high failure rate of new productions. Generally, about 85 percent of the shows produced on Broadway each year fail or close in less than 30 days. Of the remaining 15 percent, no more than one-fourth or less than 5 percent of all shows produced, are financially successful. Such obvious high risk produces two related results: (1) venture capital is difficult to find (an unfavorable review by a critic can close a production in a matter of days, leaving all financial backers with virtually nothing but a tax write-off); and (2) venture capital is being redistributed into the cinema, where return is higher and swifter and unfavorable reviews have less of an impact on financial success. The number of shows successful enough to tour the country varies sharply from year to year, but generally is declining.

#### EXISTING FACILITIES AND PRESENT EVENT ACTIVITY

The city of San Francisco supports an impressive program of musical and theatrical activity. In addition to its nationally known opera company, San Francisco is the western focus of ballet, features its own symphony orchestra, and supports a wide range of traveling musical and dramatic presentations. The city also implements a vigorous program of little theater, children's opera, and children's ballet.

In evaluating facility needs, it should be pointed out that any expansion of theatrical or musical event schedules in San Francisco, with the exception of major touring shows, such as Ballet Folklorico, is probably unlikely. At present, the city supports about 42 to 46 use-weeks of the 1,750-seat Curran Theater and traditional seasons of ballet, symphony, and grand opera. The Curran Theater is heavily dependent upon a single tenant, Civic Light Opera, which accounts for 28 weeks of activity per year. The Curran also presents major plays and productions which have the greatest chance of attracting relatively large crowds in San Francisco.



The 1,480-seat Geary Theater is leased to the American Conservatory Theater (ACT) which, together with road shows, generates the majority of use-days for this facility. Such supplementary activities as individual headline performers and popular groups also comprise the Geary's schedule. Whether many of this theater's tenants would prefer to use the larger Curran but cannot because of the Civic Light Opera and other commitments, is, of course, speculative. However, there is little doubt that this situation does occur in certain cases, since costs of bringing a show from the East make the economics of playing a small house unfavorable. Promoters contacted indicated that a 1,600-seat theater in New York is about the minimum for financial success, while a West Coast house should be somewhat larger to provide an opportunity for the show to recapture transportation expenses.

The San Francisco Opera House and Marine's Memorial Auditorium, the remaining major theatrical facilities of the city, offer contrasts not only in size and appointment, but also in type of performance housed. Marine's Memorial is a small facility accommodating small productions. The Opera House is engaged for the most part in serving the needs of the San Francisco Opera Company and the San Francisco Symphony. The Civic Light Opera in past years has utilized the Opera House to present top attractions which it believes will yield crowds too large for the Curran. Light Opera management indicates a preference for a facility seating approximately 2,200 to 2,400 persons, and feels that the Opera House is much too large for even their peak show requirements.

The Masonic Auditorium, which seats 3,187, is not considered a competitive facility, since it does not possess a proscenium, stage, wings, or drops, which are essential for theater-type productions.

A new theater, with a seating capacity of approximately 2,000, is scheduled for development in the Embarcadero Center. Although discussions with the proposed master lessee indicated that as soon as it was complete the theater will commence operations as a legitimate theater. No completion date has yet been established. The theater in the Embarcadero Center would not be directly competitive with Yerba Buena Center Theater in that the Embarcadero Center facility will not attempt to book such tenants as the Civic Light Opera or the San Francisco Ballet, which constitute proposed major tenants for Yerba Buena Center Theater. Of course, in the sense that it will be competing directly with Yerba Buena Center for the theater dollar, the Embarcadero facility must be considered as a competitive attraction.





Given the rather fixed event potentials, construction of a new theater in the city presumes either closing some of the less adequate existing theaters or drastically diluting the event schedules of each current operating facility. With the age and condition of the Geary and Curran theaters; their location on valuable real estate with higher land use potentials; and their less-than-optimum capacities, ERA assumes that these facilities will be razed if a new theater is constructed. This assumption is essential in projecting utilization of a new theater, since the Civic Light Opera has seven years remaining on its lease with the Curran Theater. If the Geary and Curran remain open, their utilization would decrease given development of a better theater; of course, utilization of the new theater also would be drastically reduced, assuming the Civic Light Opera continued to use the Curran.

#### Projected Utilization of Theater

Based on existing event schedules for musical and theatrical productions, and discussions with possible tenants for the theater, a total of 332 use-days or approximately 47 use-weeks is projected for the theater, as shown in Table 23. The largest single tenant would be the San Francisco Civic Light Opera, assuming the closing of the Curran Theater. This group has stated its desire to continue presenting four plays per year, each running a period of seven week. It has also indicated an interest in presenting a fifth play, thus extending its season to 35 weeks. This would depend, however, on response to the Light Opera company in the new theater. Based on a seating capacity of 2,200, and a large season ticket subscription, an average of 2,100 persons per performance is projected.

Broadway plays, booked by the Independent Booking Office and the American Theater Guild, represent the second largest single potential use for a new theater. Over the past years, performances booked through these agencies have run for an average of 10 weeks annually in San Francisco, primarily at the Curran Theater. Most often, two plays, each running an average of five weeks, are presented in San Francisco every year. Discussions with these agents evoked an interest in booking at least 10 weeks of plays annually in the new theater. Attendance from Broadway plays has been conservatively estimated at 1,800 per performance.

The San Francisco Ballet, presently homeless, has expressed a very definite interest in utilizing the new theater for its season, which consists of performances Thursday through Sunday for eight weeks. The





Table 23

PROJECTED UTILIZATION OF YERBA BUENA CENTER  
THEATER TYPICAL OPERATING YEAR

<u>Tenant</u>	<u>Use-Days</u>
San Francisco Civic Light Opera	196
San Francisco Ballet	32
Broadway plays	70
Other theatrical-musical events	24
Convention-trade shows	<u>10</u>
Total utilization (approximately 47 weeks)	332

Source: Economics Research Associates.

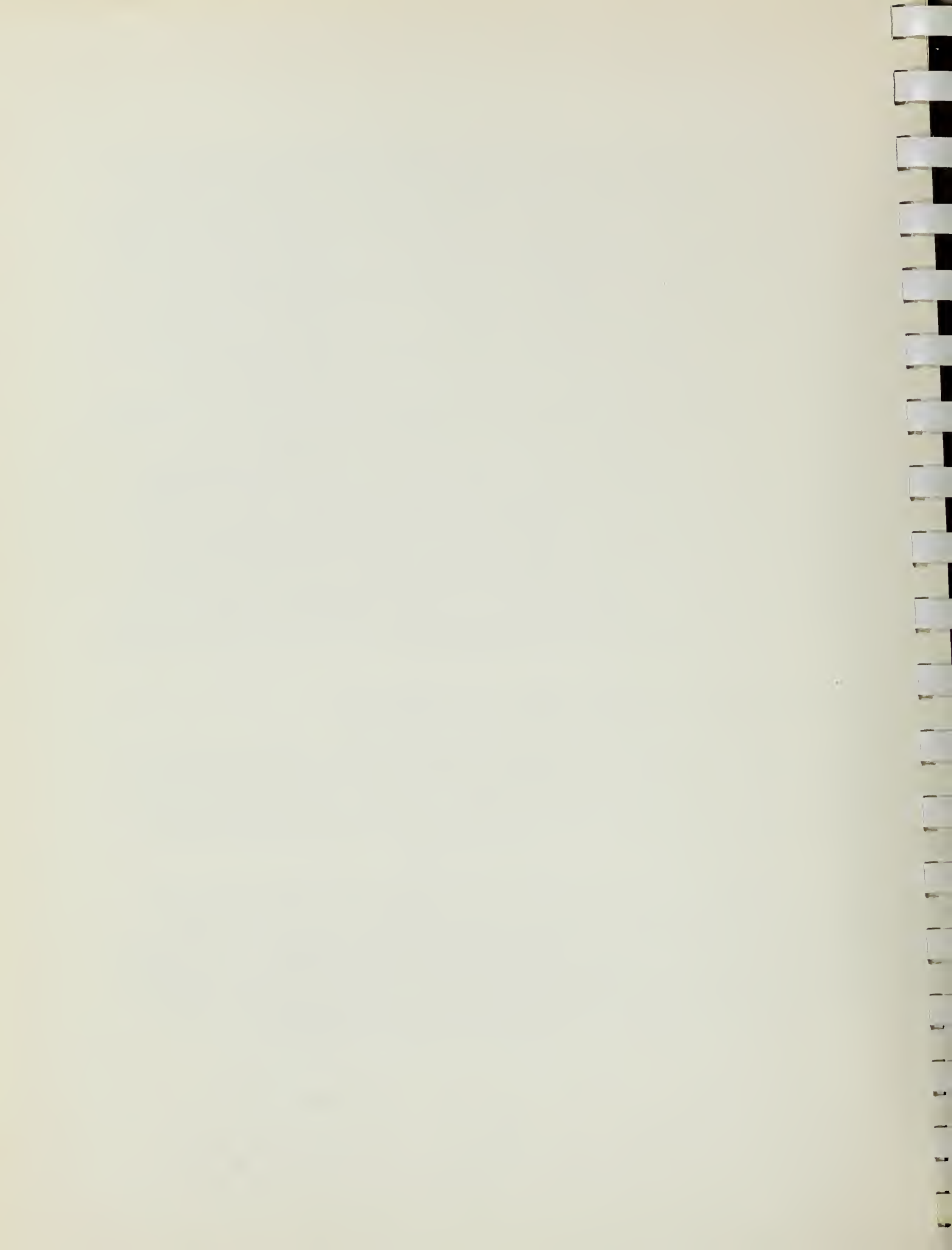


ballet has undertaken a fund-raising campaign, with the proceeds going to refurbish the 1,800-seat Nourse Auditorium. At the present time, the ballet is negotiating with the San Francisco Board of Education for a lease on Nourse. Whether a satisfactory lease can be written and the necessary funds raised to renovate and operate this facility is unknown at this time. Even if the ballet occupies Nourse Auditorium, it still would be interested in utilizing the proposed theater. Based on seating capacity of the new facility and attendance at past performances, an average of 1,800 persons per performance is projected for the ballet. The remaining projected use for the theater consists of other musical events, such as the Ballet de Madrid, and convention and trade show use. This latter use will be primarily daytime in nature. The theater is projected to total a maximum of 332 use-days annually, assuming full utilization of weekends. Of course, these projections can only be satisfied through considerable advance scheduling, the cooperation of the possible users, and the fulfillment of the conditions assumed by ERA. For example, the San Francisco Ballet has expressed interest in utilizing the theater for eight weeks, Thursday through Sunday. Utilization of the theater on Monday through Wednesday during this period is very doubtful, due to required set-up time; should delay be experienced, the projections would fall short of those anticipated. On the whole, ERA believes that the projected schedule of events is somewhat conservative in nature, and that a well-coordinated operating timetable will maximize usage of the proposed theater.

#### PROJECTED THEATER REVENUE AND EXPENSES

Rental income to the theater is dependent upon: (1) average ticket price; and (2) the policy of calculating rental rates. Ticket prices range from \$2.00 to \$8.50 for Civic Light Opera events, or an average of \$6.00. The average ticket price for the San Francisco Ballet and other musical events is \$4.50, and \$5.00 for Broadway plays.

In formulating rental policy, the range includes participation with show producers in a split of income to a strict four-wall facility rental. If the theater participates with show management and shares such expenses as advertising and promotion, staging, and cost of musicians, it is entitled to 25-30 percent of the show's income. Such a high percentage is justified considering the large share of promotional risk assumed by the theater--costs incurred are fixed but income is a function of attendance.



Under a straight four-walls rental agreement, the theater provides only the facility; the show producer is responsible for such costs as ushering, ticket operations, and clean-up. Four-wall rental contracts are usually based on a flat fee, although some are written as a percentage of gross revenues. The disadvantages of such a policy include the caliber of personnel exposed to the public (ticket takers, sellers, ushers ) not being under theater control and the theater is often incorrectly criticized for either behavior or appearance of these individuals. Some facilities have also experienced difficulties in obtaining proper cleaning and maintenance under such a rigid rental agreement, which place the burden of these expenses upon the show producer.

After considerable study, the Los Angeles Music Center evolved a compromise policy which appears to offer a reasonable model for planning purposes. Under its arrangement, the facility provides the basic house staff of ticket takers and sellers, ushers, clean-up personnel, box office supervisors, and sound technicians, as well as house management. The lessee is responsible for all other required personnel and expenses. Based on this operation, a recommended schedule of charges is shown below:

<u>Consecutive Use-Days</u>	<u>Percentage of Gross Receipts</u>	<u>Daily Minimum Charge</u>	
		<u>Sunday through Thursday</u>	<u>Friday and Saturday</u>
1-2	10%	\$600	\$750
3-4	8	600	750
5	6	600	750
6 or more	5	600	750

Based on the above rental schedule, Table 24 summarizes usage of, and income to, the theater, including concession income but excluding any revenue accruing from automobile parking. Concession expenditures are estimated at \$0.35 per capita with the theater receiving 10 percent of gross concession income. The table shows a total income of \$255,220 for a normal operating year.



Table 24

PROJECTED REVENUES  
YERBA BUENA CENTER THEATER

	Principal Tenants					Convention- Trade Shows	Total
	San Francisco Civic Light Opera	San Francisco Ballet	Broadway Plays	Other Musical Events			
Use-Days	196	32	70	24	10		332
Performances	224	40	80	28	10		382
Average attendance per performance	2,100	1,800	1,800	2,000	2,000		n.a.
Total annual attendance	470,400	72,000	144,000	56,000	20,000		762,400
Average ticket price	\$6.00	\$4.50	\$5.00	\$4.50	n.a.		n.a.
Estimated annual income	\$2,822,400	\$324,000	\$720,000	\$252,000	n.a.		\$4,118,400
Rental of facility at a given percentage of gross ticket revenues	5% \$141,120	8% \$25,900	5% \$36,000	8% \$20,200	\$600/day \$6,000		\$229,220
Gross concessions revenue at \$0.35 per capita	\$164,600	\$25,200	\$50,400	\$19,600	n.a.		\$259,800
Concession income to theater at 10 percent	\$ 16,500	\$ 2,500	\$ 5,000	\$ 2,000	n.a.		\$ 26,000
Theater income	\$157,620	\$28,400	\$41,000	\$22,200	\$ 6,000		\$255,220

n.a. means not applicable.

Source: Economics Research Associates.





Table 25 presents a budget of operating expenses utilizing 1970 costs and based on data and information obtained from similar-type theater operations. As shown, total operating expenses are estimated at \$221,200 per year, excluding an allowance for depreciation of equipment and facilities. As shown in Table 26, projected operating income for the theater is estimated at approximately \$34,020.

It should be noted that many comparable theatrical facilities in other cities show either a very small profit or a loss. The Los Angeles Music Center, considered one of the most prestigious in the United States, has operated at a loss every year since its inception.



Table 25

PROJECTED OPERATING EXPENSES  
YERBA BUENA CENTER THEATER

<u>Personnel</u>	<u>Salary</u>	<u>Number of Employees</u>	<u>Total</u>
House manager	\$12,500	1	\$ 12,500
Secretary	6,600	1	6,600
Maintenance supervisor	10,000	1	10,000
Telephone operator	5,200	1	5,200
Box office treasurer	10,000	1	10,000
Bookkeeper	7,800	1	7,800
Electrician	11,500	1	11,500
Stage carpenter	11,400	1	11,400
Ticket sellers	8,300	2	16,600
Ticket takers	1,300	30	39,000
Ushers			
Janitors and maids	9,600	3	28,800
Watchmen	6,000	1	<u>6,000</u>
Direct personnel expenses			\$165,400
Payroll taxes and benefits at 12 percent of payroll			<u>19,800</u>
Total personnel expenses			\$185,200
<u>Other Expenses</u>			
Utilities			\$ 12,000
Contract maintenance			12,000
Miscellaneous expense			<u>12,000</u>
Total operating expenses <sup>1/</sup>			\$221,200

<sup>1/</sup> Excludes an allowance for depreciation.

Source: Economics Research Associates.

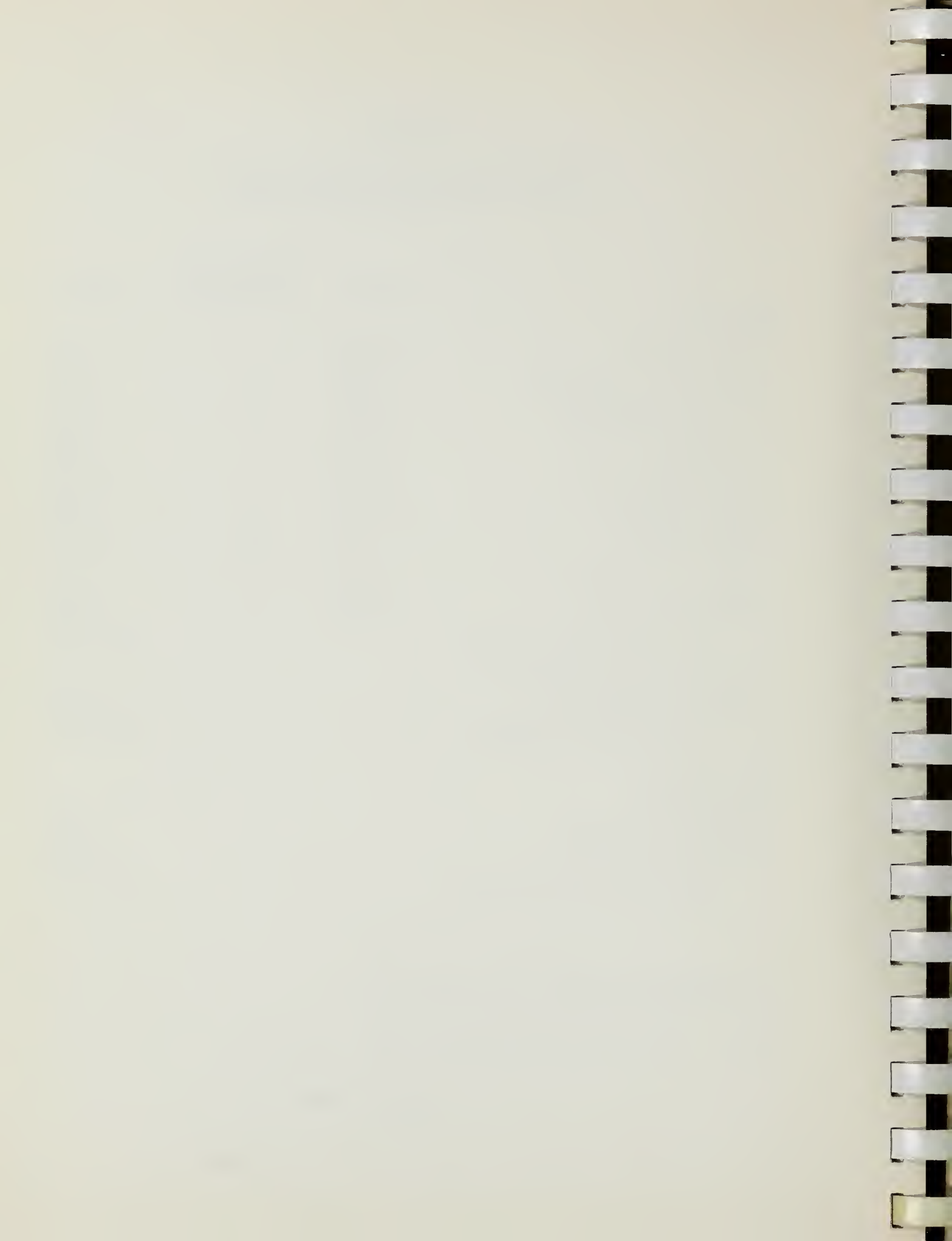


Table 26

PROJECTED OPERATING INCOME  
YERBA BUENA CENTER THEATER

		<u>Total</u>
<u>Revenues</u>		
Rental	\$229,220	
Concessions	<u>26,000</u>	
Total gross revenues		\$255,220
<u>Expenses</u>		
Personnel expenses	\$185,200	
Other operating expenses	<u>36,000</u>	
Total operating expenses		\$221,200
		<hr/>
Net operating income before capital charges		\$ 34,020

Source: Economics Research Associates.





## Section V

### PROJECTED UTILIZATION AND OPERATING PERFORMANCE 4,000-STALL GARAGES YERBA BUENA CENTER

The sports arena-exhibit hall and theater will generate demand for parking space to support their activity program. However, a parking structure constructed solely to service those facilities clearly would be economically unfavorable. Therefore, to achieve satisfactory fiscal performance, the proposed parking garage will depend upon demand generated by various land uses in the area. The following paragraphs explain those factors that will condition future supply and demand in the subject area.

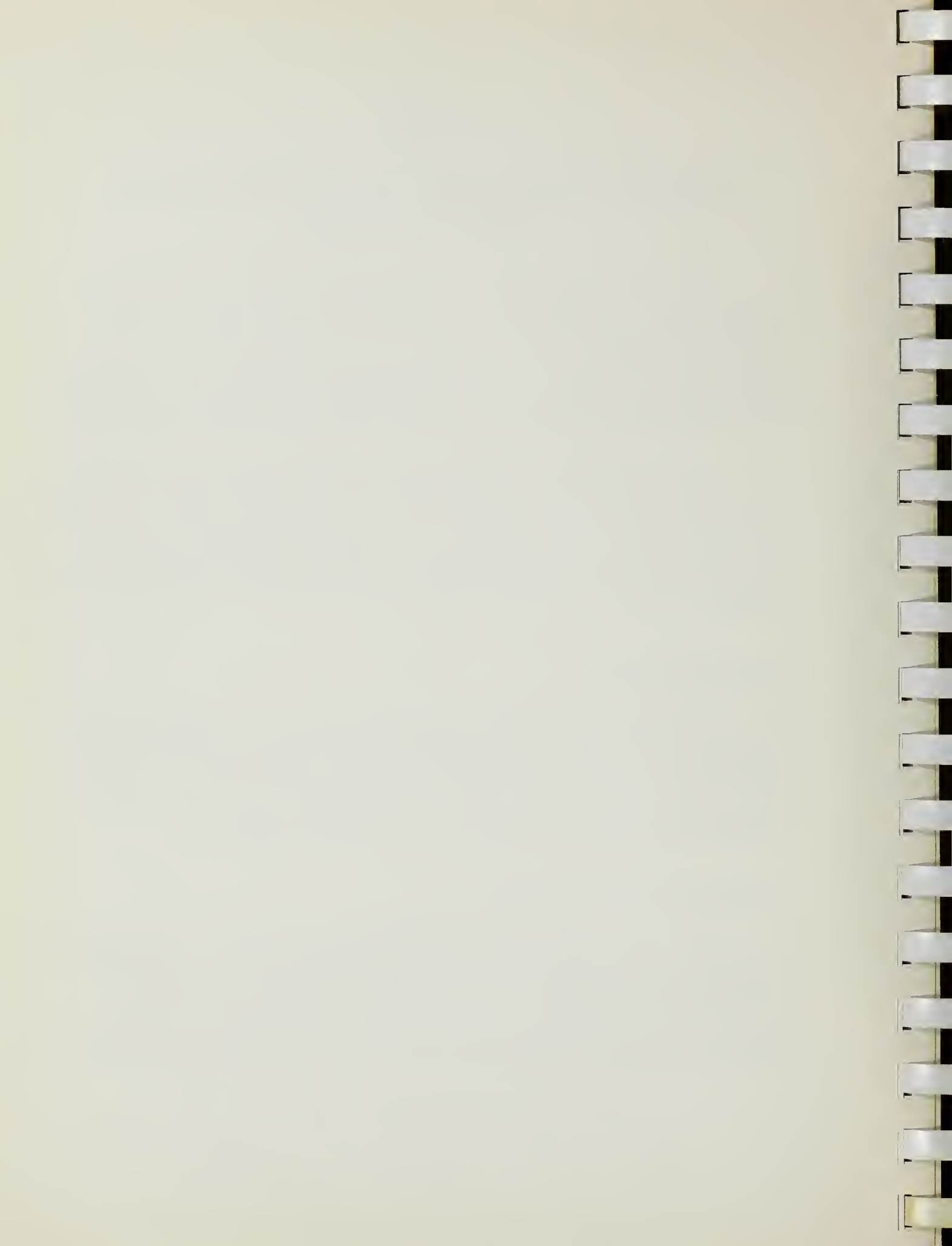
It should be stated here that the subsequent analysis assumes that the San Francisco Redevelopment Agency will not evolve a parking program as an interim land use for any of the area if such a program were found to be in competition with the garage. It is further assumed that the garage will be under municipal sponsorship, with operating policies similar to such facilities as the Fifth and Mission, Sutter-Stockton, and Ellis-O'Farrell garages.

#### PARKING DEMAND

Land uses are the basic generators of demand for parking, with the amount of demand varying substantially from use to use. Without regard for the amount of demand generated, however, street systems and traffic conditions regulate the amount of parking demand that can be realized. These factors must be examined before a realistic appraisal can be made of either gross demand parking or potential garage utilization.

#### Capacity of the Street System

Based on studies conducted by the agency's planning consultants and the city's traffic engineers, sufficient street capacity is available to accommodate the majority of peak hour traffic assuming operation of the 4,000-car garages. Assuming Mission Street would become one way westbound and Howard Street would become one way eastbound, with Folsom Street remaining two way, the traffic engineers



project that, with few possible exceptions, the primary streets within the vicinity of the redevelopment project possess adequate capacity in terms of accommodating peak hour traffic.

#### LAND USE AND PARKING DEMAND SOUTH OF MARKET

The market area for a parking garage within which land uses must be evaluated, is defined by the distance a person is willing to walk from his parking space to his destination. This distance varies considerably in different cities, depending generally upon parking availability and cost. Based on the 1966 Downtown Parking and Traffic Survey, City and County of San Francisco, the following distances were recorded for the three major parking garages in San Francisco:

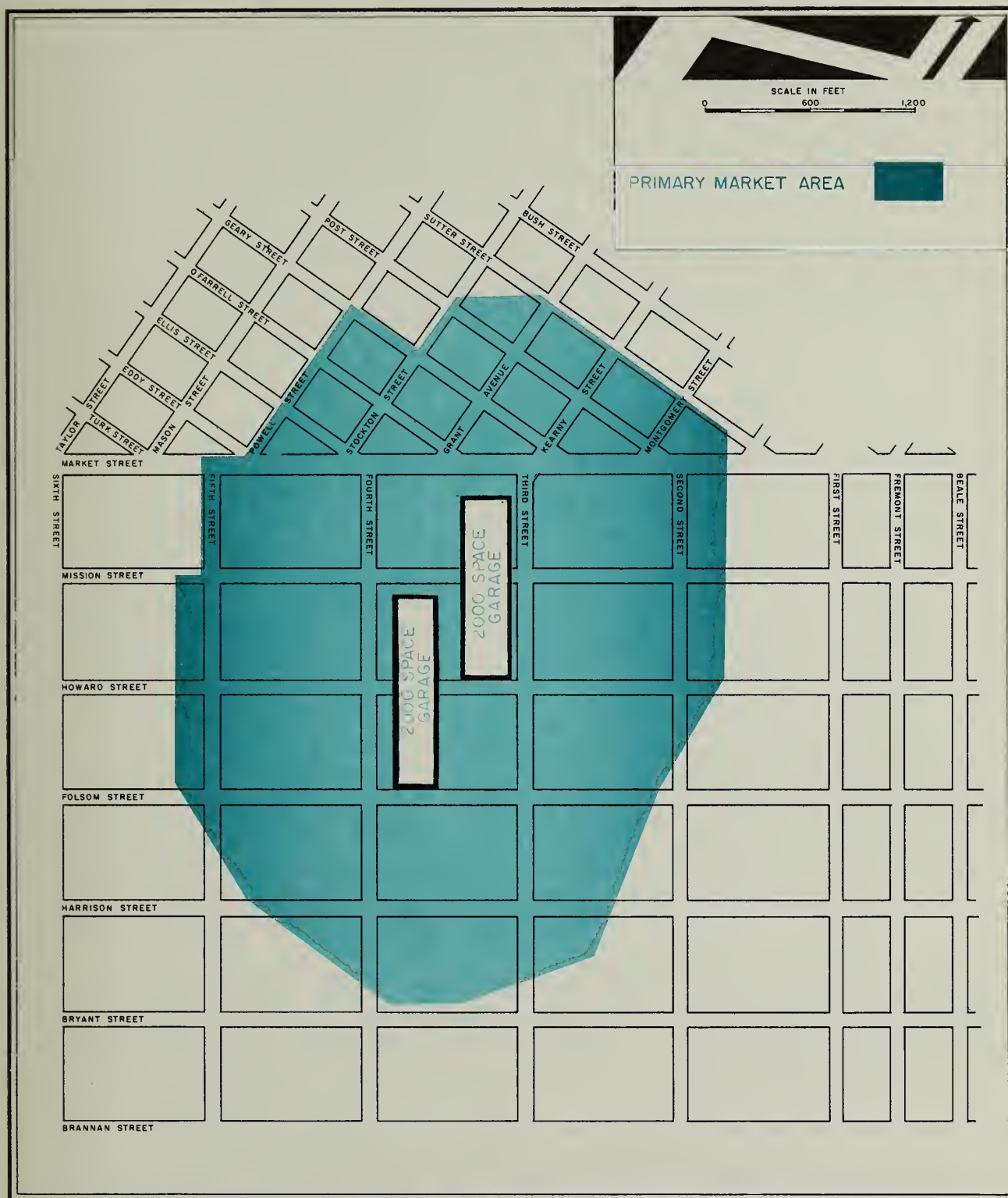
Frequency Distribution of Walking Distance from  
Off-Street Parking Space to Destination

Distance (feet)	Garage		
	<u>Fifth and Mission</u>	<u>Sutter-Stockton</u>	<u>Ellis-O'Farrell</u>
	(cumulative percentage)		
Less than 400	9%	18%	60%
Less than 800	42	66	86
Less than 1,200	76	91	92
Less than 1,600	86	98	99
Less than 2,400	100	100	100

As shown above, those who park in the Fifth and Mission garage are willing to walk further to their destination in comparison with the two other garages. A major contributing factor to a person's willingness to walk further is Fifth and Mission's low hourly and monthly rates relative to other parking garages in San Francisco.

Based on the above data, an increase of approximately 2 to 4 percent per annum in San Francisco traffic, and the parking characteristics of the downtown area, a primary market area for the proposed garage is defined as being within a 1,200-foot radius of the garage perimeter. Figure 3 shows the geographic definition of the market area. As is evident from the figure, a substantial portion of the total market area lies outside the immediate redevelopment project area.

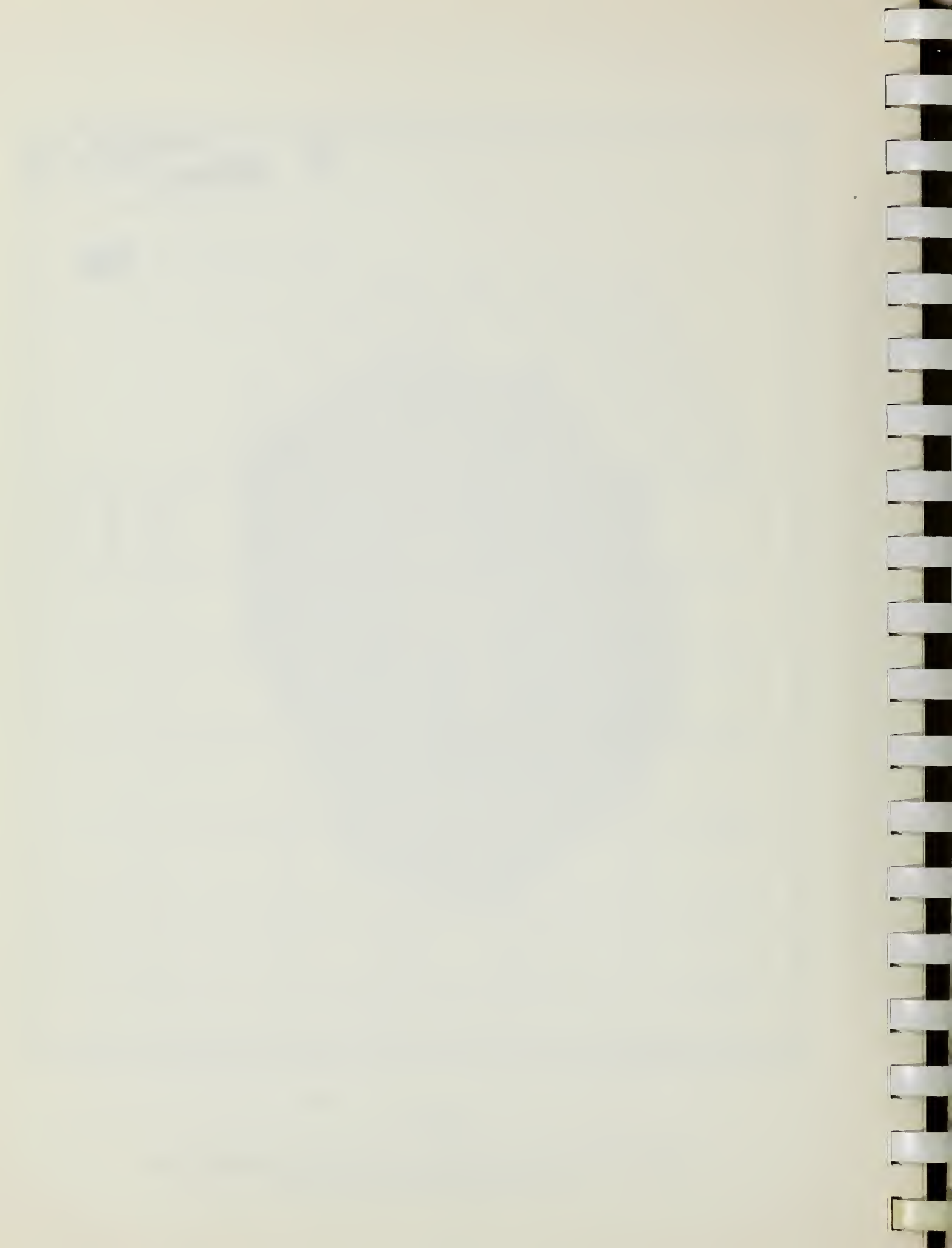




SOURCE: SAN FRANCISCO REDEVELOPMENT AGENCY.

Figure 3

# PRIMARY MARKET AREA FOR PARKING FACILITIES IN YERBA BUENA CENTER





Within the market area, demand will be created by trips to work, business visits to nearby establishments, shopping trips, and visits to service establishments. Based on the above definition of the market area, it is necessary to first develop information on its employment, business visitation, and mode of worker travel and then to relate these data to the amount of square feet of various land uses in the area in order to estimate parking demands.

National and regional statistics concerning space per employee, percentage of employees commuting by automobile, and number of business visitors to a firm per employee-day for the three major area land uses, yielded the following results:

Land Use	Square Feet per Employee	Percentage of	Visitors to the Firm per Employee-Day <sup>1/</sup>
		Employees Commuting by Auto	
Office space	150	75%	0.75
Retail trade and services	800	40	3.00
Wholesale trade and other uses	1,000	50	1.20

<sup>1/</sup> Visitors arriving by automobile only.

Since the type of business of future tenants in the redevelopment area is unknown at this time, the above figures may be subject to change when actual occupancy takes place. However, these figures are valid for general planning purposes. As might be expected, the numerical value of these factors differs substantially depending upon the land use. Square footage of all economic land uses in the project area were supplied by the Redevelopment Agency.

Based on current inventories, a total of 3.5 million and 3.0 million square feet of office and retail space, respectively, was estimated for the area north of Market Street. This estimate, though somewhat conservative, is considered sufficient for the purpose of estimating parking requirements.

Table 27 summarizes the data, indicates estimated employment, number of employee automobiles, and the estimated number of visitors per day, where appropriate. The table further provides a summary of daytime parking demand created by major land uses in the market area.





Table 27

DAYTIME PARKING DEMAND FACTORS  
WITHIN THE MARKET AREA OF PROJECT GARAGE  
BY DEMAND SOURCE AND TYPE

	Square Foot of Space	Estimated Employment	Employees Commuting by Auto	Employee Autos Requiring Monthly Parking <sup>1/</sup>	Estimated Visitors Arriving by Auto <sup>2/</sup>
<u>Activities Retained in Project Area</u>					
Office	700,000	4,700	3,530	2,350	3,530
Retail and services	200,000	250	100	70	750
Other uses	700,000	700	350	230	840
<u>New Activities in Project Area</u>					
Office	5,000,000	33,000	24,750	16,500	24,750
Retail and services	450,000	560	220	150	1,680
<u>Outside Project Area</u>					
Office	4,700,000	31,000	23,250	15,500	23,250
Retail and services	3,000,000	3,750	1,500	1,000	11,250
Other uses	1,000,000	1,000	500	330	1,200
Total demand for monthly parking				36,130	--
Total demand for transient parking				--	67,250

<sup>1/</sup> Based on 1.5 occupants per car.

<sup>2/</sup> Car occupancy 1.0 person.

Source: Economics Research Associates.



As shown, an estimated 67,250 visitors arriving by automobile will require transient parking and 36,130 employees will require monthly parking. The table does not indicate the magnitude of parking demand generated by events scheduled for the arena-exhibit hall complex or the theater. This demand is discussed later in this section.

### Influences of BART

Another factor influencing parking demand is the effect of the Bay Area Rapid Transit system (BART). Based on studies conducted to measure the effect of the system on traffic flows in the downtown San Francisco area, a 10 to 20 percent reduction in traffic volume is estimated upon completion of the BART system. The city's Traffic Engineering Division, Bureau of Engineering, Department of Public Works, conservatively projects a 10 percent reduction; it further estimates traffic on surface streets to continue increasing at an approximate annual rate of 2 to 3 percent, which also reflects the BART operation. Based on these data, rapid transit may cause a net loss of traffic in the city for a period of three to five years; as a result, parking demand may be slightly reduced over this period. Assuming operation of the BART system by 1973, an estimated 7 to 8 percent decrease in parking demand from 1972 is projected. By 1976-1977, parking demand should begin to approach 1972 levels and continue to increase at the rate of 2 to 3 percent per year.<sup>1/</sup>

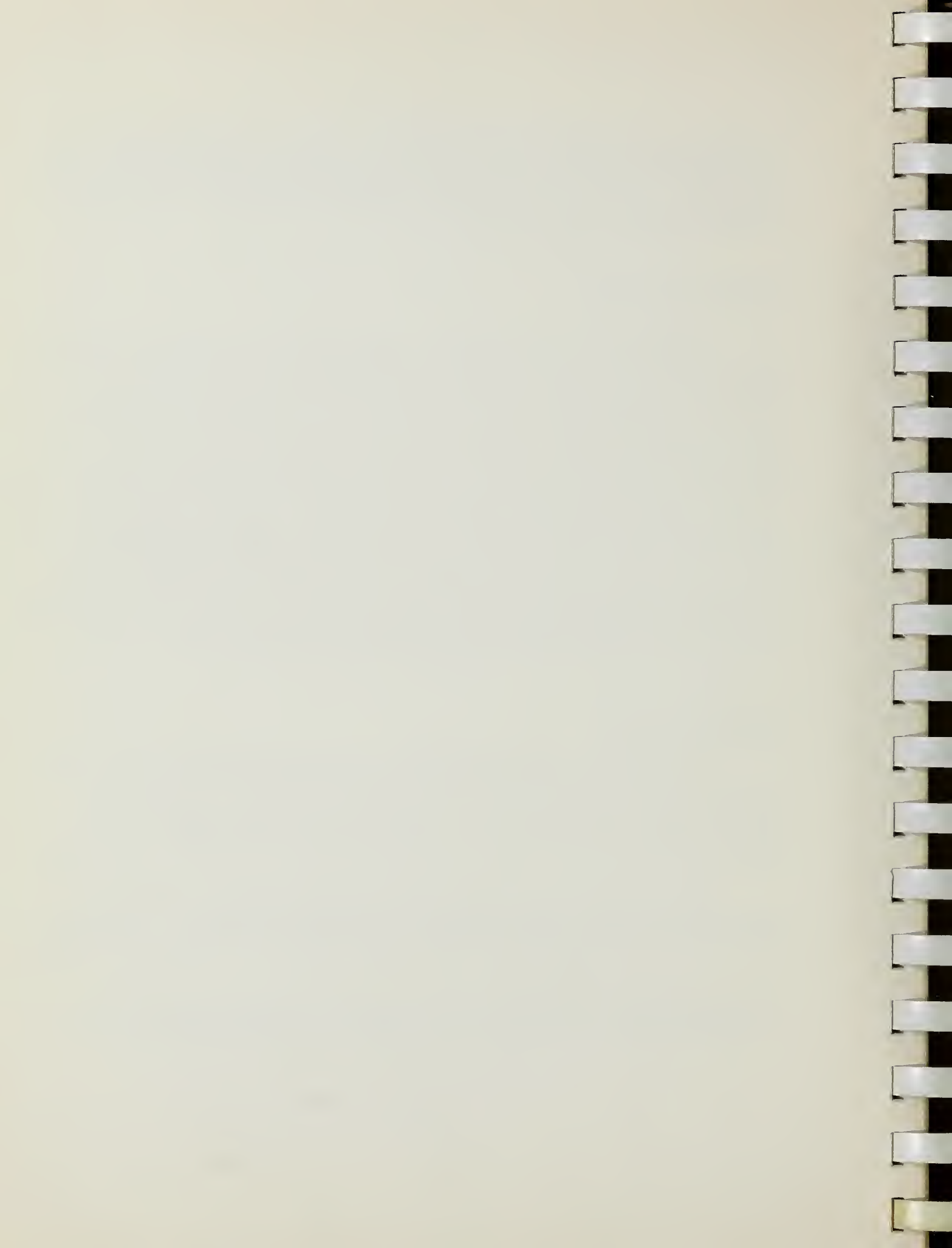
### PARKING SUPPLY

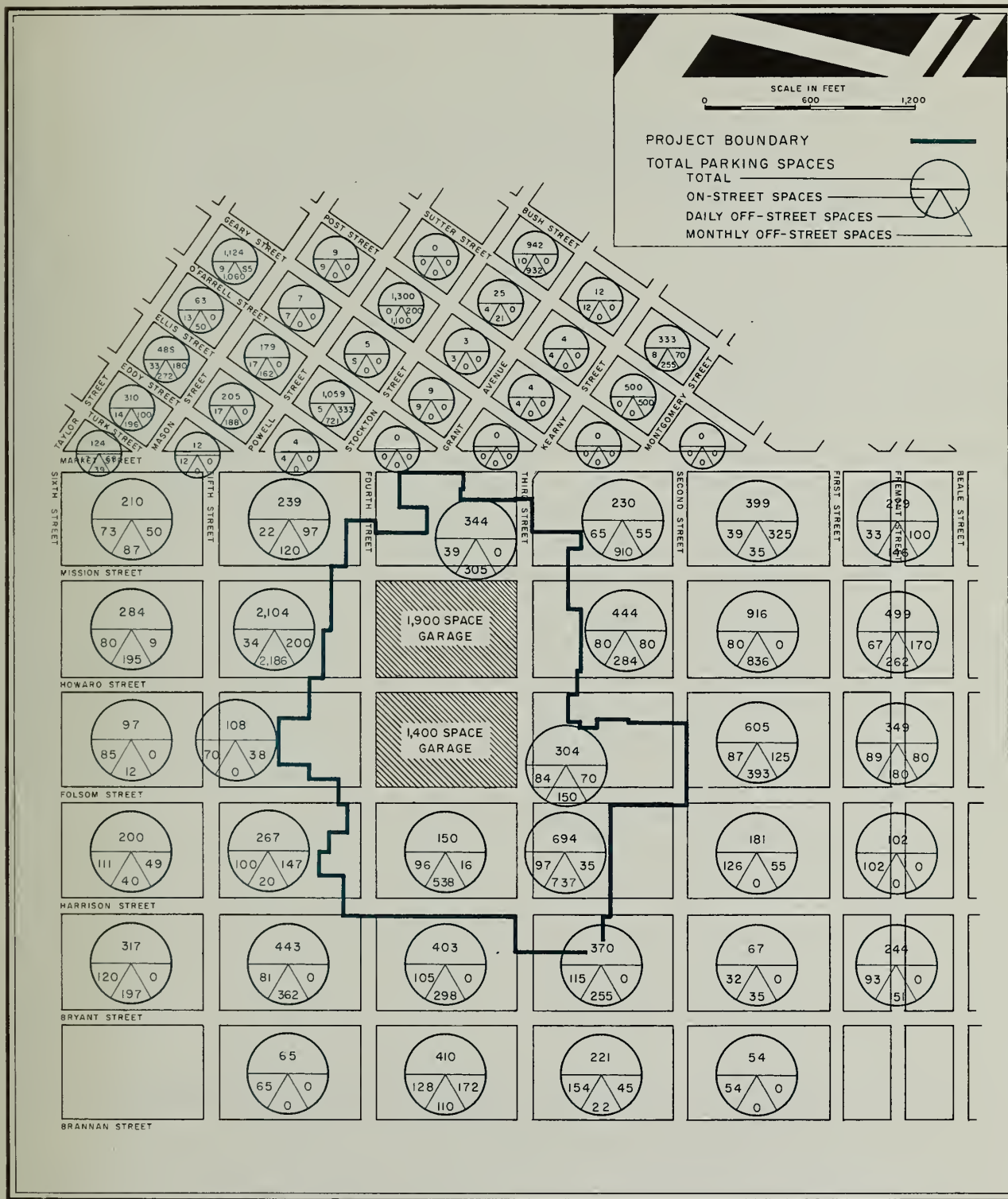
An inventory of the amount, type, and characteristics of the market area's current parking supply is presented in Figure 4. The supply of transient stalls within the primary market area will total 7,500 in 1970. An estimated 1,000 stalls will be added to the transient supply by 1975, which excludes the 4,000 stalls in the Yerba Buena Center parking garage.

Parking supply and demand can be further refined by converting transient stalls needed and available into available stall hours. Table 28 presents the average length of time transient vehicles are parked at various

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<sup>1/</sup> This projected increase is for the city as a whole and does not reflect specific areas where major development is expected to occur.





SOURCE: SAN FRANCISCO REDEVELOPMENT AGENCY.

Figure 4

PARKING SPACE AVAILABILITY BY TYPE  
IN MARKET AREAS OF THE PROPOSED GARAGES





Table 28

AVERAGE PARKING REVENUE AND  
PARKING TIME PER CAR  
SELECTED SAN FRANCISCO PARKING FACILITIES  
1969

<u>Facility</u>	<u>Hourly Rate</u>	<u>Average Parking Time (hours)</u>	<u>Revenue per Car<sup>1/</sup></u>
Fifth and Mission	\$0.15	3.5	\$0.53
Civic Center Plaza	0.25	3.0	0.75
Sutter-Stockton	0.25	3.4	0.85
Portsmouth Square	0.25	3.6	0.89
Ellis-O'Farrell	0.35	2.7	0.95
Golden Gateway	0.50	2.6	1.32

<sup>1/</sup> Calculated for transient parking only; excludes monthly parking and such non-parking revenue as gasoline and oil sales.

Sources: City and County of San Francisco Parking Authority and Economics Research Associates.



San Francisco garages. On the basis of this information, an average per vehicle parking period comparable with experience at Fifth and Mission seems warranted due to its proximity to the proposed garage. Thus, transit demand of 67,250 vehicles per day can be converted to 235,735 stall hours of daily demand.

Determination of supply involves two similar steps: (1) the number of operating hours must be set; and (2) the maximum possible operating efficiency of garages must be determined. Peaking of demand and fractional loss of time in stall occupancy result in no garage operating at 100 percent efficiency. For planning purposes, a 14-hour operating day has been utilized to cover the bulk of traffic and parking demand, although a longer period is appropriate for garages located in areas with considerable evening activity. Based on discussions with garage personnel, maximum operating efficiency of any garage servicing transient volume has been estimated at 80 percent. If efficiencies are high, long queues of cars waiting to park usually result. As shown in Table 29, operating efficiencies at selected San Francisco garages range from 42.9 percent to 80.0 percent, for a total availability of 72,800 stall hours per day in the relevant market area.

Supply and demand factors are developed and summarized in Table 30. The table indicates, in summary, a transient demand for 235,735 stall hours per day in the market area and a demand for 36,130 stalls monthly. It should be noted that these projections are based upon final completion of development activity within the project area, which will not be fully achieved for five to 10 years. However, existing office and retail space is sufficient to generate strong demand for the garage during project development. Available transient supply in the proposed garage facility amounts to 84,000 stall hours per day, with an additional 10,640 per day available at the curb. There is a demand surplus for both monthly and transient space.

The most recent San Francisco downtown parking study was completed in 1966; parking surpluses and deficiencies were established for the market area for 1965 and projected through 1975, as shown on the following page.



Table 29

SELECTED OPERATING STATISTICS  
SAN FRANCISCO GARAGES  
Fiscal Year 1968

Operating Data	Fifth and Mission			Civic Center Plaza			Sutter-Stockton			Portsmouth Square			Ellis-O'Farrell		
	Total	Per Stall	Per Vehicle	Total	Per Stall	Per Vehicle	Total	Per Stall	Per Vehicle	Total	Per Stall	Per Vehicle	Total	Per Stall	Per Vehicle
Transient Monthly	\$578,665	\$455	\$0.53	\$232,153	\$464	\$0.75	\$594,607	\$772	\$0.85	\$424,609	\$1,343	\$0.89	\$352,287	\$979	\$0.95
Monthly storage	41,799	209	--	70,697	208	--	40,537	405	--	82,609	439	--	119,865	300	--
Total storage	\$620,464	--	--	\$302,850	--	--	\$635,144	--	--	\$507,218	--	--	\$472,152	--	--
Gross profit from product sales	40,479	\$27	\$0.04	13,280	\$16	\$0.04	39,692	\$46	\$0.05	33,821	\$67	\$0.07	66,166	\$87	\$0.18
Total operating revenue	\$660,943	\$449	--	\$316,130	\$376	--	\$674,836	\$776	--	\$541,039	\$1,073	--	\$538,318	\$708	--
Source: San Francisco Parking Authority.															
Transient vehicle parked	1,098,869			309,673			744,943			477,386			370,714		
Transient stall turnover per day (305-day basis)	2.8			2.0			3.2			4.0			3.0		
Average parking time	3.5			3.0			3.4			3.6			2.7		
Average daily occupancy per stall (hours)	9.8			6.0			10.9			14.4			8.1		
Percentage utilization	70%			42.9%			77.9%			80%			57.1%		
transient stalls															

## Revenue

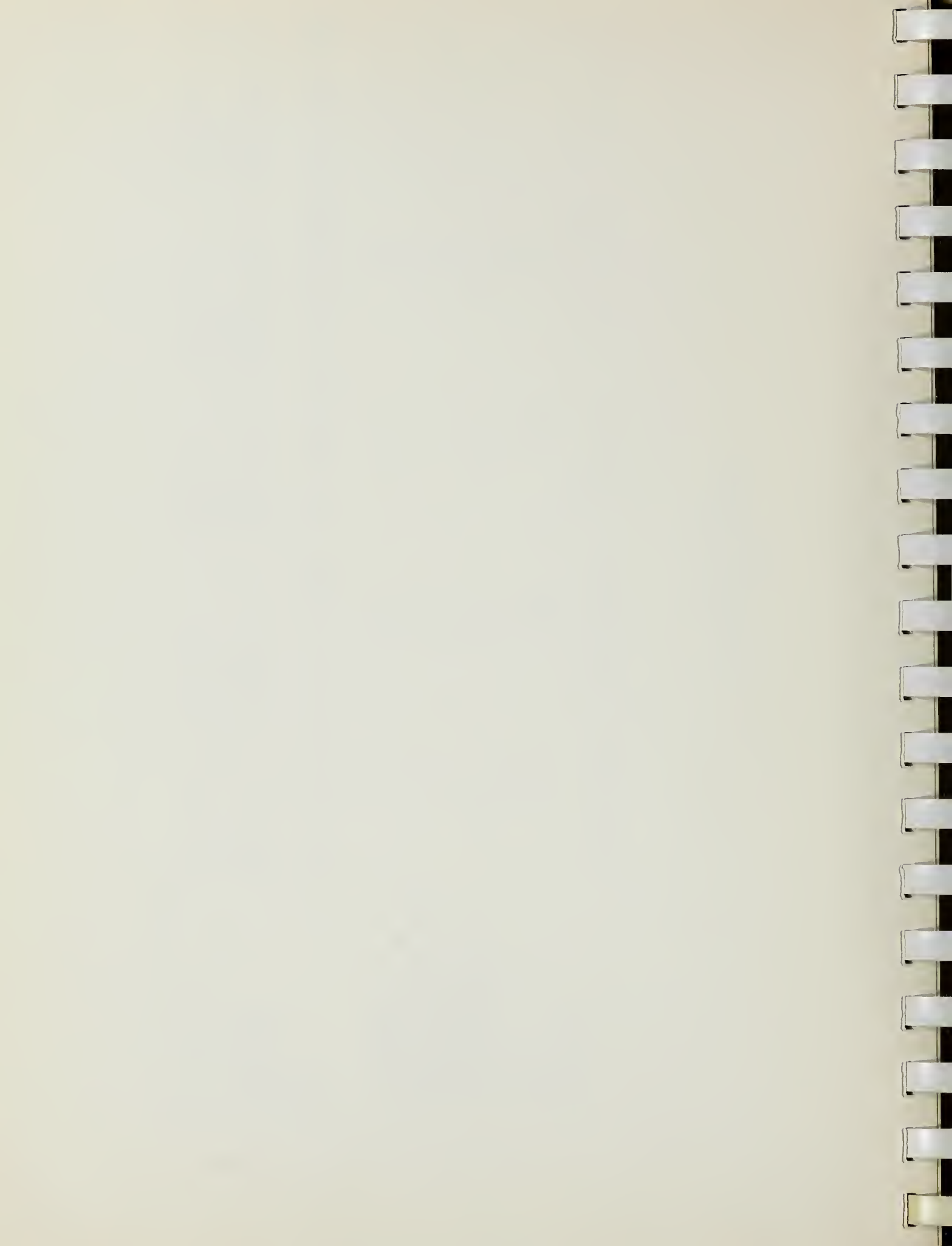


Table 30

SUMMARY OF DEMAND AND SUPPLY FACTORS  
WITHIN MARKET AREA OF PROPOSED GARAGE  
YERBA BUENA CENTER

Summary of Transient Supply and Demand

Transient Demand

Transient automobiles per day with destinations in the market area	67,250	
Average stall occupancy per vehicle (hours)	<u>x 3.5</u>	
Average transient demand (stall hours)		235,375

Transient Supply

Number of stall	7,500	
Stall hours per day per space	<u>x 14</u>	
Total stall hours	105,000	
Maximum attainable utilization	80%	
Total available stall hours		<u>84,000</u>
Excess demand for transient parking (stall hours)		151,375

Summary of Monthly Supply and Demand

Monthly demand	36,130	
Monthly supply	<u>5,500</u>	
Excess demand for monthly parking		30,630

Summary of Curb Space Parking

Curb space	950	
Hours during which curb space competes	<u>x 14</u>	
Curb space hours available	13,300	
Maximum utilization available	80%	
Total available curb space hours		10,640

Source: Economics Research Associates.





Location	Number of Spaces			
	1965		1975	
	Surplus	Deficiency	Surplus	Deficiency
Fifth and Mission	3,186		2,772	
Fifth and Market		1,314		1,512
Fourth and Market		2,090		2,585
Fourth and Mission	160		810	
Third and Market		1,115		884
Third and Howard	744		839	
Fourth and Howard	<u>512</u>		<u>796</u>	
Total	4,602	4,519	5,217	4,981

These projections include the addition of approximately 5,000 parking spaces in the market area between 1966 and 1975. It is interesting to note that the study showed a parking surplus at Fifth and Mission of 3,186 spaces in 1965 and 2,772 spaces in 1975, even though the Fifth and Mission garage is presently operating at 70 percent of theoretical maximum. In essence, the parking study shows that with the addition of 5,000 spaces by 1975, supply and demand in the project area should be approximately equal. However, the study does not reflect the recent projected increased land utilization in the redevelopment area.

#### Allocation of Monthly Stalls

Supply and demand factors alone will not dictate stall allocation for a new garage. Such criteria as the comparative transient and monthly rate structures and projected revenue per transient versus monthly space are of critical importance as well. Rates in the area vary widely, ranging from \$0.15 to \$0.75 per half-hour for transient parking and from \$10.00 to \$45.00 for monthly parking. Rates for the new garage have been set at \$0.25 per hour and \$37.50 per month. While these fees are above those of the Fifth and Mission facility, they are below those of many other garages in the relevant market area, as shown in Table 31. It should be noted, however, that the Fifth and Mission garage has not had a rate increase in the past five years, and with considerable development occurring in this area, it is assumed it will increase rates shortly. Nonetheless, should the Fifth and Mission garage retain its present rate structure, the effect on the new parking garage would be minimal, since sufficient demand to accommodate both facilities will exist in this area. In addition, Fifth and Mission is not as centrally located as the proposed unit to the majority of projected development.



Table 31

HOURLY AND MONTHLY PARKING RATES  
SELECTED SAN FRANCISCO GARAGES  
1969

<u>Garage Facility</u>	<u>Parking Rate</u>	
	<u>Hourly</u>	<u>Monthly</u>
Civic Center Plaza	\$0.25	\$27.50
Ellis-O'Farrell	0.35	35.00
Golden Gateway	0.50 <sup>1/</sup>	42.50
Portsmouth Square	0.25 <sup>2/</sup>	37.50
Sutter-Stockton	0.25 <sup>3/</sup>	N. A.
Union Square	0.35	37.50 <sup>4/</sup> 47.50 <sup>4/</sup>
Fifth and Mission	0.15 <sup>5/</sup>	27.50

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N. A. means not applicable.

<sup>1/</sup> \$0.50 first hour; \$0.35 each additional hour.

<sup>2/</sup> \$0.25 first hour; \$0.35 each additional hour.

<sup>3/</sup> \$0.25 first three hours; \$0.35 each additional hour.

<sup>4/</sup> \$37.50 below main floor; \$47.50 main floor.

<sup>5/</sup> \$0.15 first two hours; third hour \$0.20; \$0.25 each hour thereafter.

Source: San Francisco Parking Authority.



Given the indicated rate structure, the maximum attainable revenue per stall per day for transient parking is \$3.60 with an 18-hour operating day and an operating efficiency of 80 percent. Revenue per stall per day from monthly parkers is only \$1.48. Economics favor complete allocation of space to transient parking assuming sufficient demand, which in this case is present. However, since considerable demand also exists for monthly parking, an estimated 500 to 1,000 parking spaces should be allocated as such to service major tenants in the project area.

45  
500  
7-6, 100

The Redevelopment Agency has indicated that 500 spaces will be tentatively allocated to the proposed project hotel. These spaces would be leased to the hotel for its exclusive use for \$45.00 per month per space or \$540 per space annually. This rate is based on two factors: (1) revenue per stall per day from monthly parkers of \$1.48; and (2) a full month's utilization (30 days), or \$45.00 per month. For the purpose of projecting the economic performance of the garage, ERA has assumed 2,500 transient spaces and 1,000 monthly spaces.

#### ECONOMIC PERFORMANCE OF THE PROPOSED GARAGE

Given the stall allocations and parking rates presented above, it is possible to calculate income potential for the garage. Basic operating data are shown in Table 32, including information for daytime transient and monthly parkers, and for evening events held in the public facilities. Demand for event parking is generated by persons attending events in the exhibit hall-sports arena or the theater. The great majority of these events are held in the evening and thereby do not conflict with daytime transient and monthly parking demand. The estimated number of vehicles requiring parking (see Table 32), is based on expected attendance for events in each facility as presented earlier. It also has been assumed that 75 percent of the attendees will arrive by vehicle and that the average party size will be 3.0 persons.

In deriving operating factors, an 18-hour operating day and a 60 percent utilization factor were employed. As previously mentioned, most garages in San Francisco operate 14-hour days (6:00 to 8:00); however, with considerable projected evening activity in both the sports arena and theater, the operating day has been extended four hours. The 60 percent operating utilization rates, combined with projected event parking demand (1.9 million hours), results in a utilization ratio of about 80 percent, which, as previously mentioned, approximates the maximum utilization of a





Table 32

## SUMMARY OF SELECTED OPERATING FACTORS

	<u>4,000-Car Garage</u>
Monthly parking factors	
Number of monthly stalls	1,000
Vehicle use-days per stall	20
Vehicle use-days per month	20,000
Vehicle use-days per year	240,000
Hotel parking factors	
Number of monthly stalls	500
Vehicle use-days per stall	30
Vehicle use-days per month	1,500
Vehicle use-days per year	180,000
Transient parking factors	
Number of transient stalls	2,500
Operating hours per day	18
Available transient stall hours	45,000
Operating utilization ratio	60%
Stall hours used per day	27,000
Stall hours used per year (305 days)	8,235,000
Average vehicle stay (hours)	3.5
Number of vehicles parked per year	2,353,000
<u>Event Parking</u>	
Arena-exhibit hall	
Estimated vehicles	430,000
Hours of stay per vehicle	3.0
Hours of parking	1,290,000
Theaters	
Estimated vehicles	200,000
Hours of stay per vehicle	3.0
Hours of parking	600,000
Operating ratios (percentage of revenue)	
Payroll	29%
Other expenses	<u>16</u>
Total	45
Income other than storage	
Gross profit on sales of gasoline, oil, and accessories per vehicle parked	\$0.04

Source: Economics Research Associates.



parking garage in the market area. A more detailed analysis of operating ratios in comparable San Francisco facilities is presented in Appendix A.

A summary of the economic performance of the proposed parking garage is presented in Table 33. Gross profit from gasoline and accessory sales, computed in Table 29 for selected San Francisco garages, is estimated at \$0.04 per vehicle parked, exclusive of event parking which is comparable to both the Fifth and Mission and Civic Center Plaza garages. Operating expenses were based on operating ratios of other garages in San Francisco, as shown in Appendix Table A. Payroll expenses were estimated at 29 percent of gross revenues and other expenses at 16 percent of gross revenues, for a total of 45 percent of gross revenues. As shown in Appendix A, with the exception of the Ellis-O'Farrell garage, operating expenses as a percentage of gross revenue ranges from 40 to 50 percent. Based on these data, the proposed garage operations will contribute \$1.855 million toward debt service.



Table 33

ESTIMATED OPERATING INCOME  
YERBA BUENA CENTER 4,000-CAR GARAGE

<u>Revenues</u>		<u><i>Annual</i></u> <u>Total</u>
Monthly parking		
Monthly parkers	12,000	
Parking rate per month	\$37.50	
Subtotal		\$ 450,000
Hotel parking		
Number of spaces	500	
Parking rate per month	\$45.00	
Subtotal		270,000
Transient parking		
Transient stall hours of use per year	8,235,000	
Parking rate per hour	\$0.25	
Subtotal		2,059,000
Event parking		
Event stall hours of use per year	1,890,000	
Parking rate per hour	\$0.25	
Subtotal		472,500
Gross profit from gasoline and accessory sales		
Total vehicles parked	3,023,000	
Gross profit from sales	\$0.04	
Subtotal		<u>120,920</u>
Total gross operating revenues		\$3,372,420
Operating expenses		
Payroll	\$977,880	
Other	539,520	
Subtotal		<u>1,517,400</u>
Net operating income		\$1,855,020

1/ Excludes vehicles parked for event use.

Source: Economics Research Associates.



## Section VI

### ECONOMIC PERFORMANCE OF THE PROPOSED YERBA BUENA CENTER AND ALTERNATIVE METHODS OF FINANCING THE PUBLIC FACILITIES

#### OPERATING PERFORMANCE

The projected operating performance of the component public facilities of Yerba Buena Center was presented in the previous sections; projected utilization, revenue, expenses, and operating profits were documented. Table 34 summarizes operating profits for the various facilities, indicating a total annual operating profit for the complex of approximately \$2,454,850. As shown, parking revenues comprise over 80 percent of total operating income, while the theater essentially breaks even. The exhibit hall-sports arena complex accounts for the remaining 20 percent of operating income. The percentage contribution by the various components in Yerba Buena Center is comparable with other similar-type facilities in the United States. It should be noted that if revenues and expenses were projected separately for both the exhibit hall and sports arena, the former would experience a break-even situation, with the latter accounting for the majority of operating income. Since there will be a considerable cost savings by operating both facilities under a single management, operating expenses have been projected for the combined facilities.

#### ALTERNATIVE METHODS OF FINANCING THE PUBLIC FACILITIES

The major cost of the public facilities in Yerba Buena Center will be the interest and repayment of principal on the public debt that such a project entails. Most of the facilities of this type recently constructed in the United States have involved the commitment of public funds either directly or indirectly. (Participation by government agencies is required since most public facilities would not be financially feasible without such assistance.) The construction cost of facilities is significantly in excess of the amount that could be committed on the basis of the cash flow such facilities could reasonably be expected to produce. Also, most public facilities indicate such slight prospects of profitability that few private investors will participate in their financing on any but a quasi-donation basis, or as purchasers of bonds secured by a pledge from a governmental unit of some type.



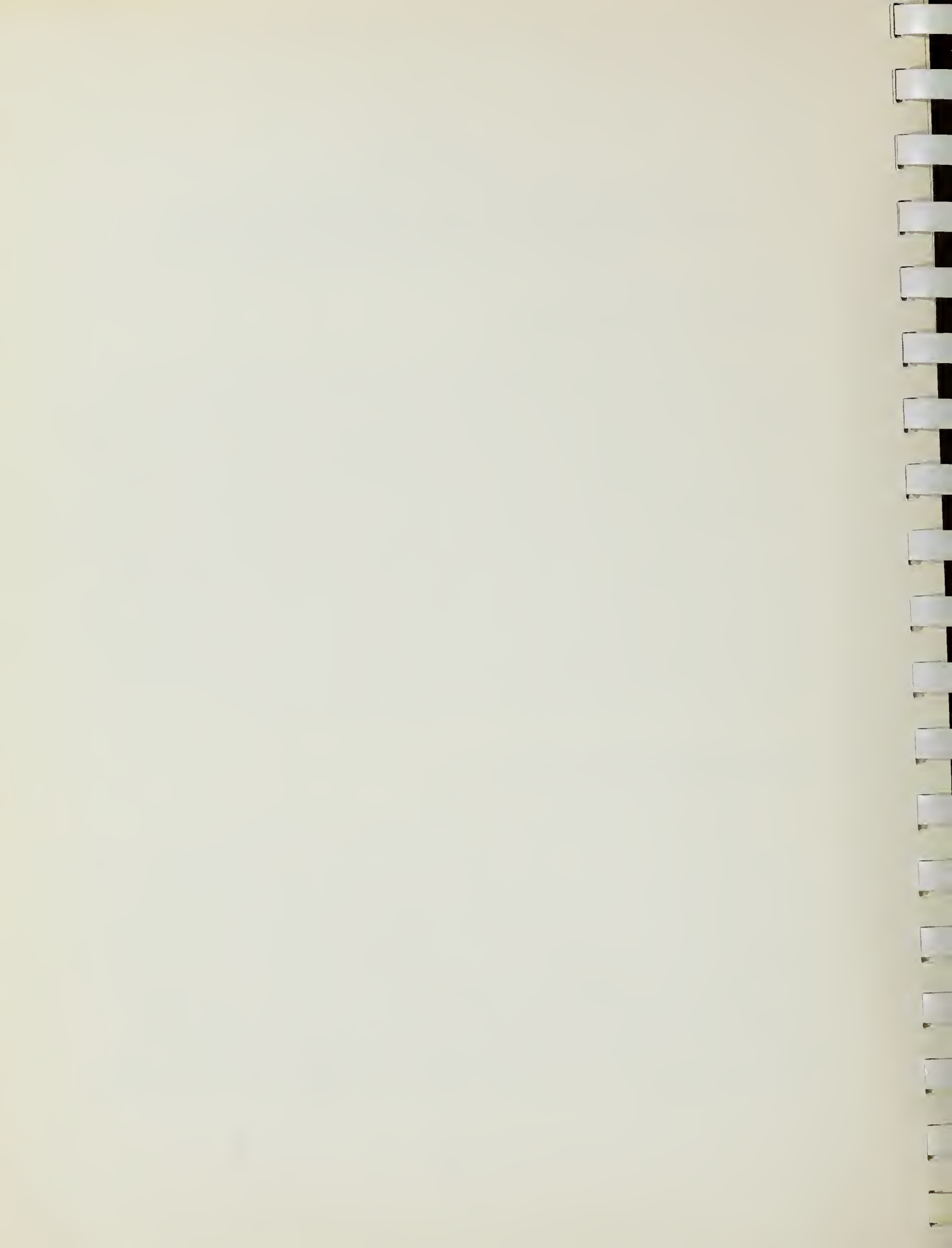


Table 34

PROJECTED REVENUES AND EXPENSES FOR  
COMBINED PUBLIC FACILITIES  
YERBA BUENA CENTER

## Revenues

Exhibit hall rental	\$ 534,800	
Exhibit hall concessions revenue	82,500	
Sports arena rental	563,820	
Sports arena concessions revenue	141,160	
Theater rental	229,220	
Theater concessions revenue	26,000	
Parking garage revenue	<u>3,372,400</u>	
Total gross revenues		\$4,949,900

## Operating expenses

Exhibit hall-sports arena	\$ 743,550	
Theater	221,200	
Parking garage	<u>1,517,400</u>	
Total operating expenses		<u>2,482,150</u>

Net operating income		\$2,467,750
----------------------	--	-------------

Source: Economics Research Associates.



Construction costs and operating income for each component are summarized below:

<u>Facility</u>	<u>Construction Costs</u>	<u>Annual Operating Income</u>
Exhibit hall	\$35,571,120 <sup>1/</sup>	
Sports arena	11,200,000 }	\$ 578,730
Theater	4,136,000	34,020
Parking garage	<u>24,127,340</u>	<u>1,855,000</u>
Total	\$75,034,460	\$2,467,750

These estimated capital costs are used in determining the approximate debt service requirement or costs associated with each of the alternative methods of financing, as discussed in the following pages.

#### Hotel Tax Revenues

In addition to utilizing operating income as one source of revenue for the retirement of bonds, hotel room tax will also be a major source of revenue for amortization of capital costs. Cities developing facilities for the purpose of attracting convention business have increasingly tended to use revenues other than property taxes, such as hotel room taxes, the rationale being that hotels are the most direct economic beneficiaries of convention activity. The city of San Francisco presently has a 5 percent hotel room tax in effect. The Board of Supervisors has allocated 40 percent of total hotel room tax revenues toward the construction and operation of the exhibit hall-sports arena in Yerba Buena Center.<sup>2/</sup> Since these facilities are expected to show an operating profit, the hotel tax revenues will be used to amortize their capital costs. Projected hotel tax revenues are shown in Table 35. By 1971, hotel tax revenues allocated to the complex are projected to total \$4.5-\$5.0 million exclusively for use in the development of the exhibit hall and sports arena. This fund will be used to defray financing charges or to cover funds for initial operating expenditures.

<sup>1/</sup> Includes \$9,171,160 allocated for exhibit hall-sports arena common facilities.

<sup>2/</sup> The project, although not yet operational, is currently receiving 40 percent of the city's hotel tax revenues.



Table 35

HOTEL TAX REVENUES  
CITY OF SAN FRANCISCO  
1967-1980

Fiscal Year	Percentage Annual Increase	Total Estimated Annual Revenues	Amount Allocated to Yerba Buena Facilities (40 percent)	Amount Allocated for Other Activities (60 percent)
1967-1968	9.2%	\$2,950,691 <sup>1/</sup>		
1968-1969	23.9	3,655,961 <sup>1/</sup>	1,462,384	2,193,577
1969-1970	6.0	3,875,000	1,550,000	2,325,000
1970-1971	6.0	4,108,000	1,643,000	2,465,000
1971-1972	6.0	4,354,000	1,742,000	2,612,000
1972-1973	6.0	4,615,000	1,846,000	2,769,000
1973-1974	6.0	4,892,000	1,957,000	2,935,000
1974-1975	6.0	5,186,000	2,074,000	3,112,000
1975-1976	3.0	5,342,000	2,137,000	3,205,000
1976-1977	3.0	5,502,000	2,208,000	3,301,000
1977-1978	3.0	5,667,000	2,267,000	3,400,000
1978-1979	3.0	5,839,000	2,336,000	3,503,000
1979-1980	3.0	6,014,000	2,406,000	3,608,000

<sup>1/</sup> Actual reported figures; 1968-1969 first year of Yerba Buena Center allocation.

Source: San Francisco Redevelopment Agency.





## AVAILABLE FINANCING METHODS FOR THE RESPECTIVE FACILITIES

Essentially six methods of bond financing are available to the Redevelopment Agency for funding one or more of the facilities: (1) general obligation; (2) joint authority; (3) lease revenue; (4) nonprofit corporation; (5) parking revenue; and (6) tax allocation. Each type of bond along with its advantages and disadvantages is discussed in the following paragraphs.

### General Obligation Bonds

The majority of postwar public projects have been financed by general obligation bonds issued by the city directly concerned. The principal advantage of this method is that it is the least costly of all forms of bond financing in terms of interest, since the tax base and taxing authority of the community is pledged for repayment.

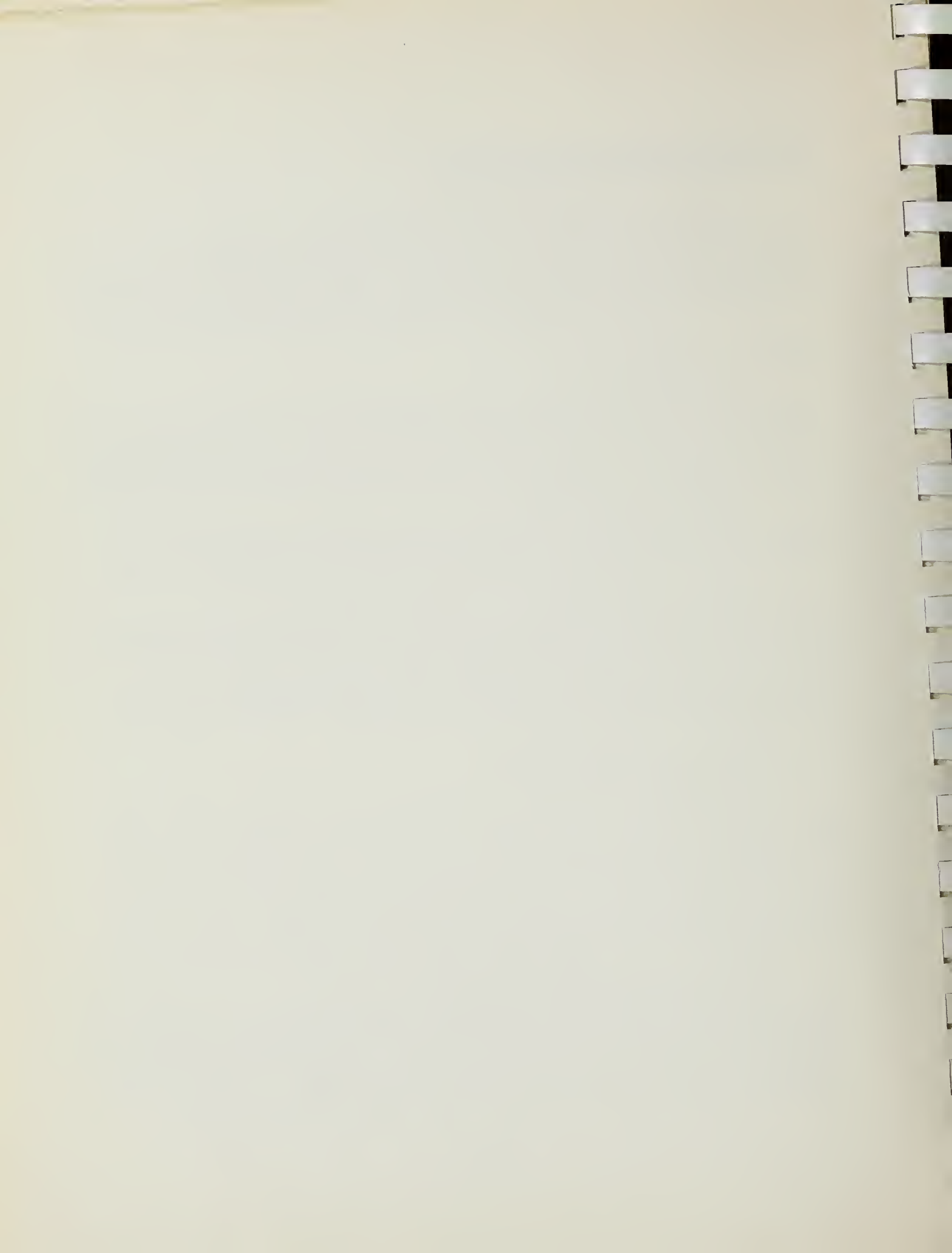
General obligation bond financing also requires approval by two-thirds of the voting public. Under current market conditions, the bonds would carry a 5.75 percent interest rate over a 30-year period.

With the increasing costs of city government and the corresponding increases in the city's tax rate, very few general obligation bond issues have received voter approval in the past several years; and with San Francisco's \$2.06 increase per \$100 of assessed valuation for the 1969-1970 fiscal year over the preceding period, passage of a general obligation bond issue appears remote at this time.

### Joint Powers Authority Act Bonds

This method of financing was utilized in Los Angeles, Fresno, and Anaheim to finance their auditorium-convention center developments. Basically, it involves an agreement under the Joint Powers Authority Act (State Government Code) between the city and either the county or a district which has the power to construct a building, such as a school district, to form an Authority for the issuance of bonds and facility construction. The city then leases the facility for an amount sufficient to amortize bond principal and interest payments. Upon liquidation of debt, the facility becomes city property.

The principal advantages of this form of financing are: (1) bonded indebtedness does not affect the legal debt position of the city; and (2) submission of the project to the electorate is not required. The principal disadvantage is that interest cost is greater (by 0.5 percent) than with general obligation bonds, although lower than with other financing methods. Under current bond market conditions, joint authority bonds carry a 6.25 percent interest rate.



### Lease Revenue Bonds

Lease revenue bonds can be issued by a redevelopment agency to construct the proposed facilities. The facilities are then leased to the city by the agency for an amount equal to the annual debt service requirement less any operating income and other revenue pledged toward annual debt service requirements. For the bonds to be salable, the city must be committed to lease the facilities. Under current bond market conditions, lease revenue bonds carry an interest rate similar to Joint Powers Authority bonds--6.25 percent.

### Nonprofit Corporation Bonds

This method, used for development of the Los Angeles Music Center, involves an agreement by either a private or nonprofit corporation to construct the proposed facility on land leased from the city. The corporation issues bonds for construction and in turn leases the facility to the city at a rental rate sufficient to amortize the bonded indebtedness, with facility ownership reverting to the city at the end of the lease term. Either the city (as in Phoenix) or a nonprofit organization (as in San Diego) operates the facility.

There are other variations on this arrangement. Private financing was used in San Diego, where the City Employees Retirement Fund bought the land and advanced construction funds to the city for the \$20 million Community Concourse Development, after two bond issues had been voted down. Generally, however, private financing is considerably more expensive than some form of tax-exempt bond issue and is rarely employed.

Lease purchase arrangements have the same advantages as joint authority bonds; the city's debt position is not affected and approval by the electorate is not required. The basic disadvantage is that these bonds carry a higher interest expense, for two primary reasons: (1) interest income is not exempt from state income tax; and (2) banks, normally a large buyer, do not favor the purchase of nonprofit corporation bonds since these bonds are not eligible for securing public deposits. In addition, it is becoming more difficult to obtain Internal Revenue Service approval for nonprofit incorporation than in the past. A nonprofit bond carries a 7 percent interest rate in today's bond market.



### Parking Revenue Bonds

The Parking Authority of the City and County of San Francisco was established under the provisions of the Parking Law of 1949. It is an independent agency whose primary purpose is to provide off-street parking facilities for the City and County of San Francisco. Parking revenue bonds are issued under provision of the Parking Law of 1949 (Part 2 of Division 18, Sections 32500 et seq.; of the Street and Highways Code of the State of California). The adoption of the revenue bond method of financing can be authorized by the Board of Supervisors, City and County of San Francisco. However, parking revenue bonds have not been used to finance garages in the City and County of San Francisco. The majority of the garages in San Francisco have been financed by the issuance of nonprofit corporation bonds.

Under a parking revenue bond approach the Parking Authority issues the bonds, and constructs the parking garages from the bond proceeds. The Authority then leases the parking structures to the city for an amount equal to annual interest and principal payments on the bonds. The city agrees to take such actions as may be necessary to include and maintain in its budget for each fiscal year all rentals payable by the city during each fiscal year. The bonds are secured primarily by an exclusive pledge of the city's rental payments and by an initial deposit to be made into the Reserve Fund from bond proceeds to meet interest payments during the construction phase. These bonds are exempt from income taxes of the United States under present federal income tax laws and they are also exempt from personal income taxes of the state of California under present state income tax laws. Since these bonds are issued by the Parking Authority, they do not increase the legal indebtedness position of the City and County of San Francisco. Under current land market conditions, this type of bond carries a 7 percent interest rate.

### Tax Allocation Bonds

Tax allocation bonds<sup>1/</sup> represent a sixth method of financing the proposed facilities in the Yerba Buena Center. These bonds are secured by the irrevocable and first pledge of tax allocation revenues. Tax allocation revenues are derived from additional taxes which become available as assessed valuation increases within the project area. This assessed valuation of taxable property must be frozen at the existing level prior to adoption of the redevelopment plan. Taxes derived from increments on assessed valuation over the frozen tax base are allocated to the Redevelopment Agency for use in repaying debt service on bonds issued to finance the project.

<sup>1/</sup> Sometimes referred to as tax increment or tax anticipation bonds.





The primary advantage of this financing method is that the bonds issued by the Redevelopment Agency are not a debt of the city of San Francisco and therefore do not affect the tax structure of the city. In addition, the issuance of these bonds does not require voter approval.

Several disadvantages are inherent in tax allocation bonds. Under current bond market conditions, they carry a 7 percent interest rate, which is higher than general obligation and Joint Power Authority bonds, and since they are not secured either by the city or a contractual agreement with the city, these bonds are more difficult to sell. In fact, presently, it is very difficult to sell tax allocation bonds unless there is visible evidence of development. Also, the total amount of the bond issue is higher than the five other alternatives, and the proceeds of the issue must include the necessary funds to meet interest payments during the first few years of project development. Normally, a period of three to five years is necessary for the tax allocation revenues to either equal or exceed interest payments in the absence of other sources of revenue. Under the first five financing alternatives, normally two years' interest must be funded in the original amount of the bond issue.

Revenue bonds were not considered, since the amount of the revenue bonds that can be issued is generally limited to approximately 10 times projected income available for debt retirement. As shown, the required bonding for the construction of the proposed facilities is considerably in excess of this 10-times maximum.

#### FINANCIAL IMPLICATIONS OF ALTERNATIVE METHODS OF FINANCING THE PROPOSED FACILITIES

The financial implications of the annual debt service requirements and potential cost to the city for each facility are discussed in the following paragraphs for the first five alternatives. Tax allocation bonds will be discussed separately.

##### Exhibit Hall-Sports Arena

As shown in Table 36, annual debt service for the exhibit hall-sports arena ranges from \$3.716 to \$4.386 million under the four financing alternatives, assuming a 30-year maturity on the bonds. The net annual cost to the city ranges from \$1.063 to \$1.733 million. The issuance of general





Table 36

PROJECTED ANNUAL DEBT SERVICE REQUIREMENTS  
EXHIBIT HALL-SPORTS ARENA

	General Obligation Bonds 30 Years at 5.75% Interest	Lease Revenue or Joint Authority Bonds 30 Years at 6.25% Interest	Nonprofit Bonds 30 Years at 7.0% Interest
Total Capital Investment <sup>1/</sup>	\$ 46,771,000	\$ 46,771,000	\$ 46,771,000
Interest Reserve Fund <sup>2/</sup>	<u>6,129,000</u>	<u>6,729,000</u>	<u>8,229,000</u>
Total bonding requirement	\$ 52,900,000	\$ 53,500,000	\$ 55,000,000
<u>Total Debt Service Requirement<sup>3/</sup></u>			
Bond redemption	\$ 52,900,000	\$ 53,500,000	\$ 55,000,000
Interest requirement	<u>58,586,000</u>	<u>65,270,000</u>	<u>76,580,000</u>
Total	\$111,486,000	\$118,770,000	\$131,580,000
<u>Annual Debt Service Requirement</u>	\$ 3,716,000	\$ 3,959,000	\$ 4,386,000
<u>Net Annual Cost to City</u>			
Annual debt service requirement	\$ 3,716,000	\$ 3,959,000	\$ 4,386,000
Less:			
Operating income from facility	578,730	578,730	578,730
Hotel tax <sup>4/</sup>	<u>2,074,000</u>	<u>2,074,000</u>	<u>2,074,000</u>
Net annual cost to city	\$ 1,063,270	\$ 1,306,270	\$ 1,733,270
Increase in the tax rate <sup>5/</sup> (per \$100 of assessed valuation)	\$0.048	\$0.059	\$0.079

<sup>1/</sup> Component capital costs: exhibit hall \$26,399,960; sports arena \$11,200,000; common facilities \$9,171,160. Amount of bond issue includes funds to meet the first two years' interest payments.

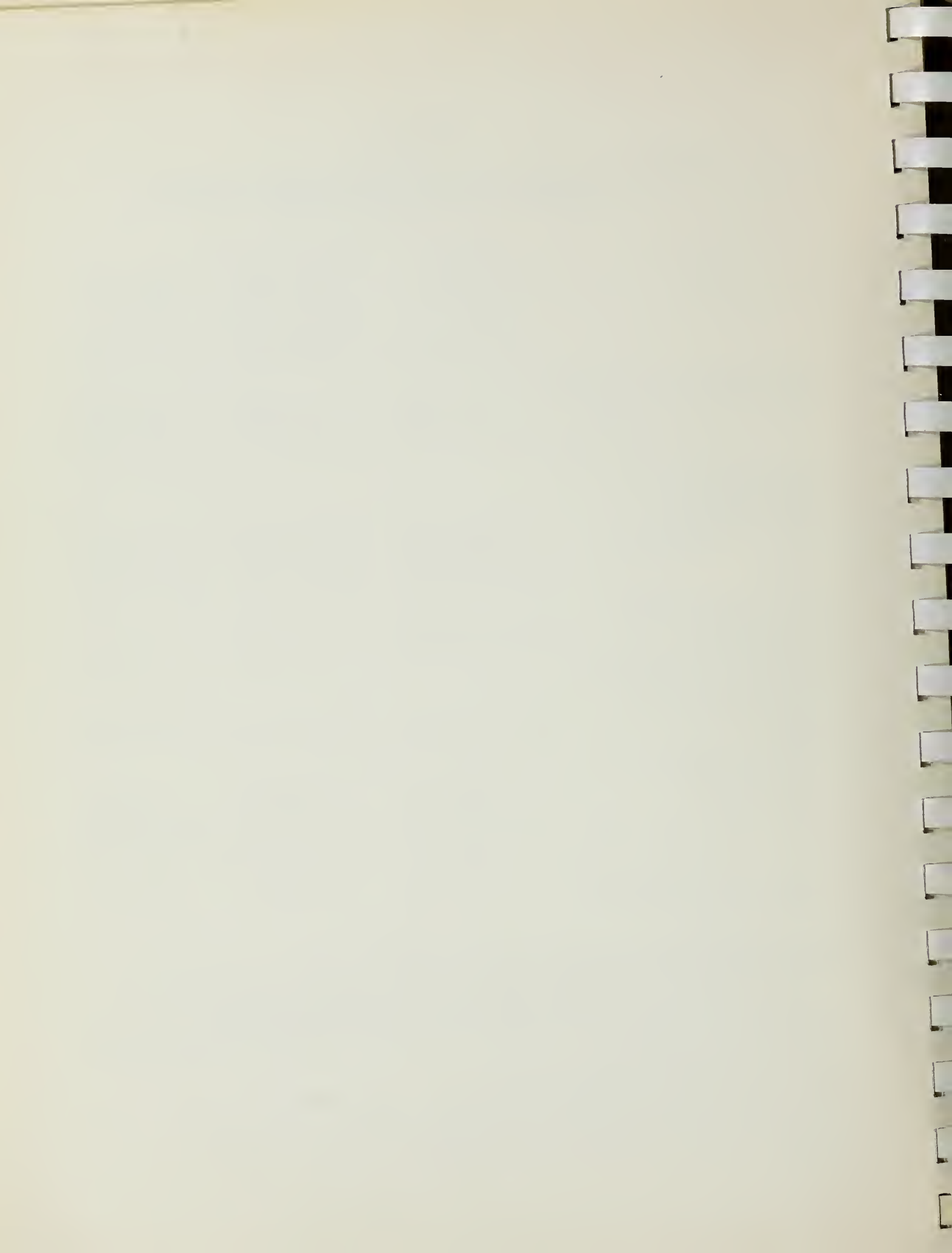
<sup>2/</sup> Proceeds from bond issue must include funds to meet the first two years of interest payments.

<sup>3/</sup> Does not include bonding costs.

<sup>4/</sup> Projections for 1974-1975 fiscal year.

<sup>5/</sup> Based on 1969-1970 estimated assessed valuation of \$2.2 billion.

Source: Economics Research Associates.



obligation bonds results in a tax rate increase of \$0.05 per \$100 of assessed valuation while the issuance of nonprofit bonds would necessitate an increase of \$0.08. Clearly, the most economical method of bond financing the proposed facilities is through general obligation; however, as previously stated, the chances of approval by the electorate is very remote at this time. Of the three remaining alternatives, the net cost to the city is reduced by \$427,000 per year with the issuance of joint authority or lease revenue, as opposed to nonprofit corporation bonds.

#### Parking Garage

Annual debt service requirements for the parking garage, as shown in Table 37, range from \$1,918,000 for general obligation bond financing to \$2,248,000 for nonprofit corporation or parking revenue bond financing. The net annual cost to the city after application of estimated operating income against the debt service requirements under lease revenue and nonprofit corporation or parking revenue bonds is \$187,000 and \$393,000, respectively. The cost to the city per \$100 of assessed valuation, based on 1969-1970 assessed valuation of \$2.2 billion, is \$0.01 or \$0.02 for lease revenue and parking revenue or nonprofit corporation bonds, respectively. Since a legal distinction may exist between a building and a structure and a Joint Powers Authority is formed to finance and construct buildings only, no parking structures have been financed with this type of bond. Hence, Joint Powers Authority bonds were not considered as a possible method of financing the proposed garages.

#### Theater

Based on a capital investment of \$4,136 and an amount sufficient to meet the first two-year interest payments, annual debt service requirements range from \$330,000 to \$392,000, as shown in Table 38. The net annual cost to the city is reduced by only \$34,000 per year under each alternative since the facility yields very little operating income. Since the net annual cost to the city approximates only \$300,000, the increase in the tax rate per \$100 of assessed valuation is slightly less than \$0.02 under each alternative.

#### Total Public Facility Financing

The total cost of financing all public facilities in Yerba Buena Center is shown in Table 39. Only those methods under which all facilities can be financed are shown. In evaluating the financial implications of each alternative, it is obvious that general obligation bonds represent the least costly method. However, for reasons previously discussed, this type of financing is

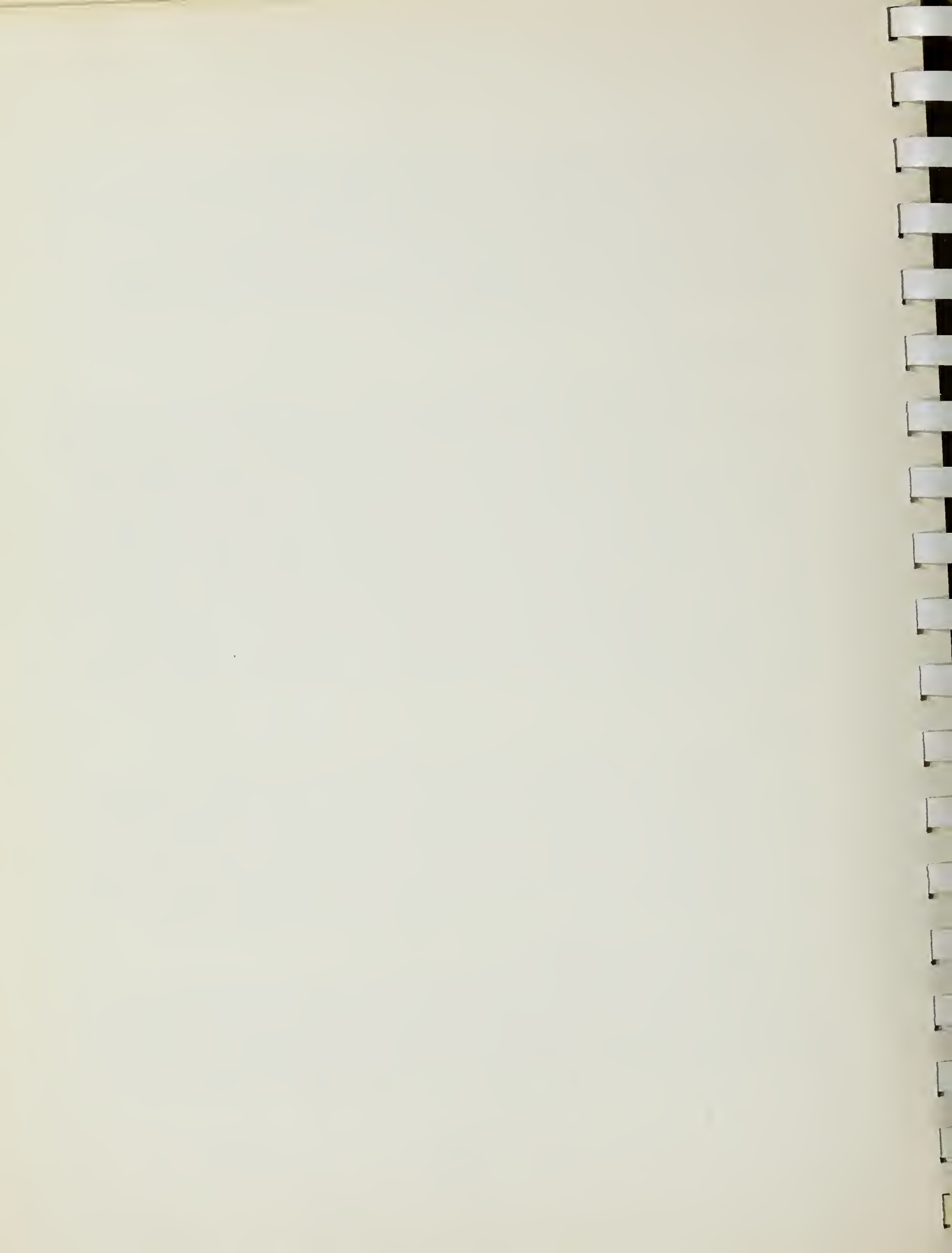


Table 37

PROJECTED ANNUAL DEBT SERVICE REQUIREMENTS  
4,000-CAR PARKING GARAGE

	General Obligation Bonds 30 Years at 5.75% Interest	Lease Revenue Bonds 30 Years at 6.25% Interest	Parking Revenue or Nonprofit Bonds 30 Years at 7.0% Interest
Total Capital Investment	\$24,127,000	\$24,127,000	\$24,127,000
Interest Reserve Fund <sup>1/</sup>	<u>3,173,000</u>	<u>3,473,000</u>	<u>3,973,000</u>
Total bonding requirement	\$27,300,000	\$27,600,000	\$28,100,000
<u>Total Debt Service Requirement<sup>2/</sup></u>			
Bond redemption	\$27,300,000	\$27,600,000	\$28,100,000
Interest requirement	<u>30,235,000</u>	<u>33,660,000</u>	<u>39,300,000</u>
Total	\$57,535,000	\$61,260,000	\$67,400,000
<u>Annual Debt Service Requirement</u>	\$ 1,918,000	\$ 2,042,000	\$ 2,248,000
<u>Net Annual Cost to City</u>			
Annual debt service requirement	\$ 1,918,000	\$ 2,042,000	\$ 2,248,000
Less: Operating income from facility	<u>1,855,000</u>	<u>1,855,000</u>	<u>1,855,000</u>
Net annual profit (or cost) to city	(\$ 63,000)	(\$ 187,000)	(\$ 393,000)
Increase in the tax rate <sup>3/</sup> (per \$100 of assessed valuation)	\$0.003	\$0.009	\$0.018

<sup>1/</sup> Proceeds from bond issue must include funds to meet the first two years' interest payments.

<sup>2/</sup> Does not include bonding costs.

<sup>3/</sup> Based on 1969-1970 estimated assessed valuation of \$2.2 billion.

Source: Economics Research Associates.

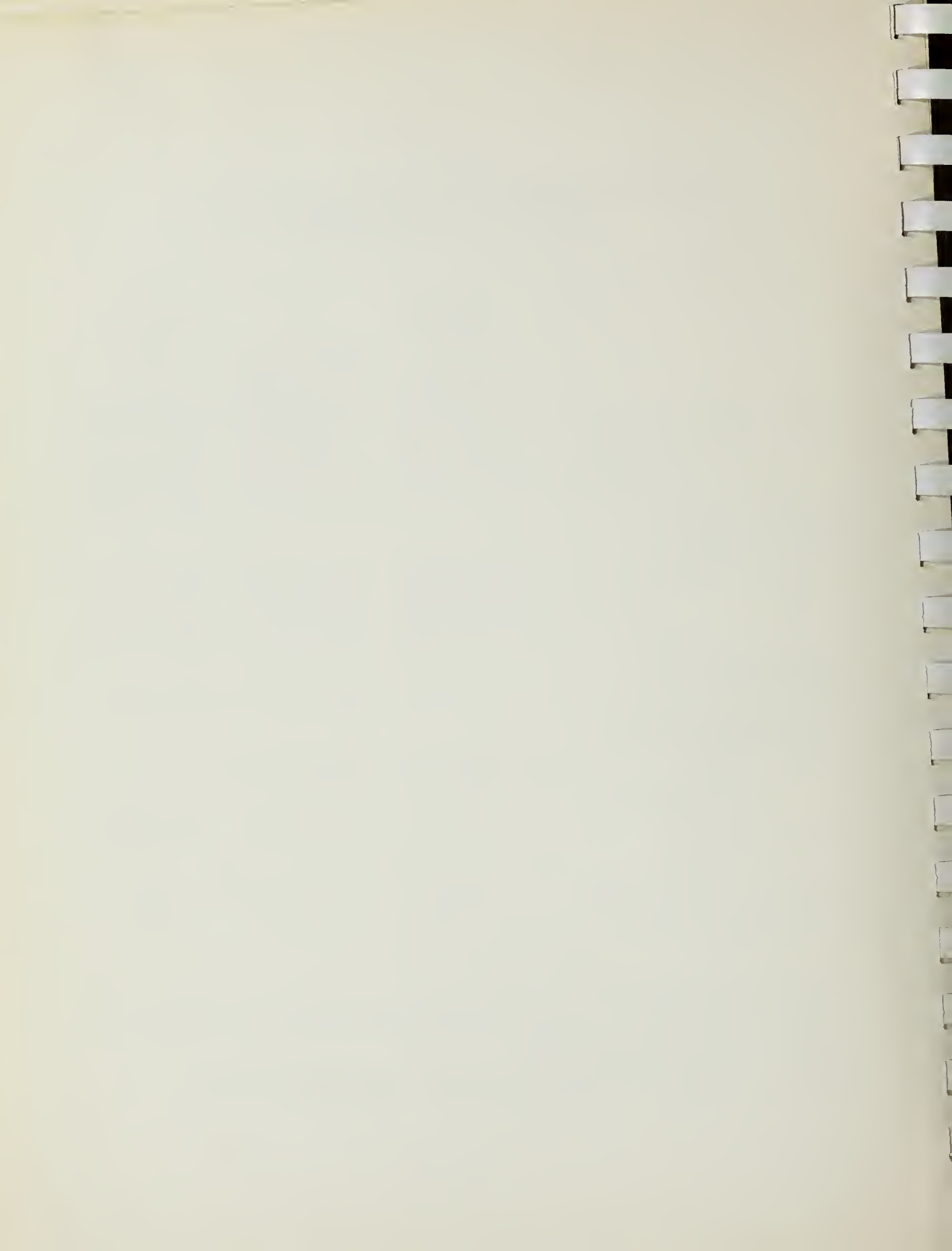




Table 38

PROJECTED ANNUAL DEBT SERVICE REQUIREMENTS  
THEATER

	General Obligation Bonds 30 Years at 5.75% Interest	Lease Revenue or Joint Authority Bonds 30 Years at 6.25% Interest	Nonprofit Bonds 30 Years at 7.0% Interest
Total Capital Investment	\$4,136,000	\$ 4,136,000	\$ 4,136,000
Interest Reserve Fund <sup>1/</sup>	<u>564,000</u>	<u>664,000</u>	<u>764,000</u>
Total bonding requirement	\$4,700,000	\$ 4,800,000	\$ 4,900,000
<u>Total Debt Service Requirement<sup>2/</sup></u>			
Bond redemption	\$4,700,000	\$ 4,800,000	\$ 4,900,000
Interest requirement	<u>5,200,000</u>	<u>5,850,000</u>	<u>6,860,000</u>
Total	\$9,900,000	\$10,650,000	\$11,760,000
<u>Annual Debt Service Requirement</u>	\$ 330,000	\$ 355,000	\$ 392,000
<u>Net Annual Cost to City</u>			
Annual debt service requirement	\$ 330,000	\$ 355,000	\$ 392,000
Less: Operating income from facility	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
Net annual cost to city	\$ 296,000	\$ 321,000	\$ 358,000
Increase in the tax rate <sup>3/</sup> (per \$100 of assessed valuation)	\$0.013	\$0.146	\$0.016

<sup>1/</sup> Proceeds from bond issue must include funds to meet the first two years' interest payments.

<sup>2/</sup> Does not include bonding costs.

<sup>3/</sup> Based on 1969-1970 estimated assessed valuation of \$2.2 billion.

Source: Economics Research Associates.



*Exhibit Hall - Arena, etc.  
+ Garage*

Table 39

PROJECTED ANNUAL DEBT SERVICE REQUIREMENTS  
PUBLIC FACILITIES-YERBA BUENA CENTER<sup>1/</sup>

	General Obligation Bonds 30 Years at 5.75% Interest	Lease Revenue Bonds 30 Years at 6.25% Interest	Nonprofit Bonds 30 Years at 7.0% Interest
Total Capital Investment	\$ 75,034,000	\$ 75,034,000	\$ 75,034,000
Interest Reserve Fund <sup>2/</sup>	<u>9,866,000</u>	<u>10,866,000</u>	<u>12,966,000</u>
Total Bonding Requirement	\$ 84,900,000	\$ 85,900,000	\$ 88,000,000
<u>Total Debt Service Requirement<sup>3/</sup></u>			
Bond redemption	\$ 84,900,000	\$ 85,900,000	\$ 88,000,000
Interest requirement	<u>94,021,000</u>	<u>104,780,000</u>	<u>122,740,000</u>
Total	\$178,921,000	\$190,680,000	\$210,740,000
<u>Annual Debt Service Requirement</u>	\$ 5,964,000	\$ 6,356,000	\$ 7,026,000
<u>Net Annual Cost to City</u>			
Annual debt service requirement	\$ 5,964,000	\$ 6,356,000	\$ 7,026,000
Less:			
Operating income for			
net - exhibit hall-sports arena	578,730	578,730	578,730
Hotel tax revenues <sup>4/</sup>	2,074,000	2,074,000	2,074,000
Operating income from			
net parking garage	1,855,000	1,855,000	1,855,000
Operating income from			
net theater	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
Net annual cost to city	\$ 1,422,270	\$ 1,814,270	\$ 2,484,276
Increase in the tax rate <sup>5/</sup> (per \$100 of assessed valuation)	\$0.065	\$0.082	\$0.113

See footnotes on the following page.



Table 39  
(Continued)

- 
- 1/ Includes exhibit hall-sports arena, parking garage, and theater.
  - 2/ Proceeds from bond issue must include funds to meet the first two years' interest payments.
  - 3/ Does not include bonding costs.
  - 4/ Projections for 1974-1975 fiscal year.
  - 5/ Based on 1969-1970 estimated assessed valuation of \$2.2 billion.

Source: Economics Research Associates.



not feasible at this time. The issuance of lease revenue bonds compared with nonprofit corporation bonds will result in an annual cost reduction to the city of approximately \$670,000, or about \$20.1 million over the 30-year term of the bonds.

#### Tax Allocation Bonds - Combined Facilities

An analysis of tax allocation bond financing is presented on the basis of funding the entire project with one bond issue. Tax allocation bonds, with a 30-year maturity, would carry a 7 percent interest rate. Discussions with financial bonding institutions indicated that if the development is phased and a series of bond issues required, any problems arising during development would render the successful issuance of additional bonds extremely doubtful.

Two estimated bond retirement schedules serve as the basis for evaluating this alternative. Schedule A assumes an \$88 million tax allocation bond issue at 7 percent with a 30-year maturity; Schedule B, a \$95 million bond issue at 7 percent with a 30-year maturity. Increases in assessed valuation (and therefore projected tax revenues), as derived by the Redevelopment Agency, are shown in Table 40. Bond retirement Schedule A, shown in Table 41, assumes utilization of the \$4.5 million hotel tax reserve fund to retire the bonds. Schedule B, presented in Table 42, does not assume utilization of hotel tax reserve fund. Under Schedule A, an estimated \$88 million in bonds will be issued, with the provision that two years' interest will be provided from bond proceeds, with the minimum reserve fund balance thereafter equalling one year's interest on all bonds outstanding. Under Schedule A, although not normally the case, the bonds could be retired in 1983, with interest paid over this period totaling nearly \$50 million.

Under Schedule B, an estimated \$95 million in bonds will be issued; this increase over "A" is a result of the absence of \$4.5 million in hotel tax revenues during the first year available for interest payments. Schedule B calls for three years' interest to be provided from bond proceeds, with the minimum reserve fund balance thereafter being an amount equal to one year's interest on all bonds outstanding. Bonds could be retired in 1984, with interest paid over this period totaling \$57 million.



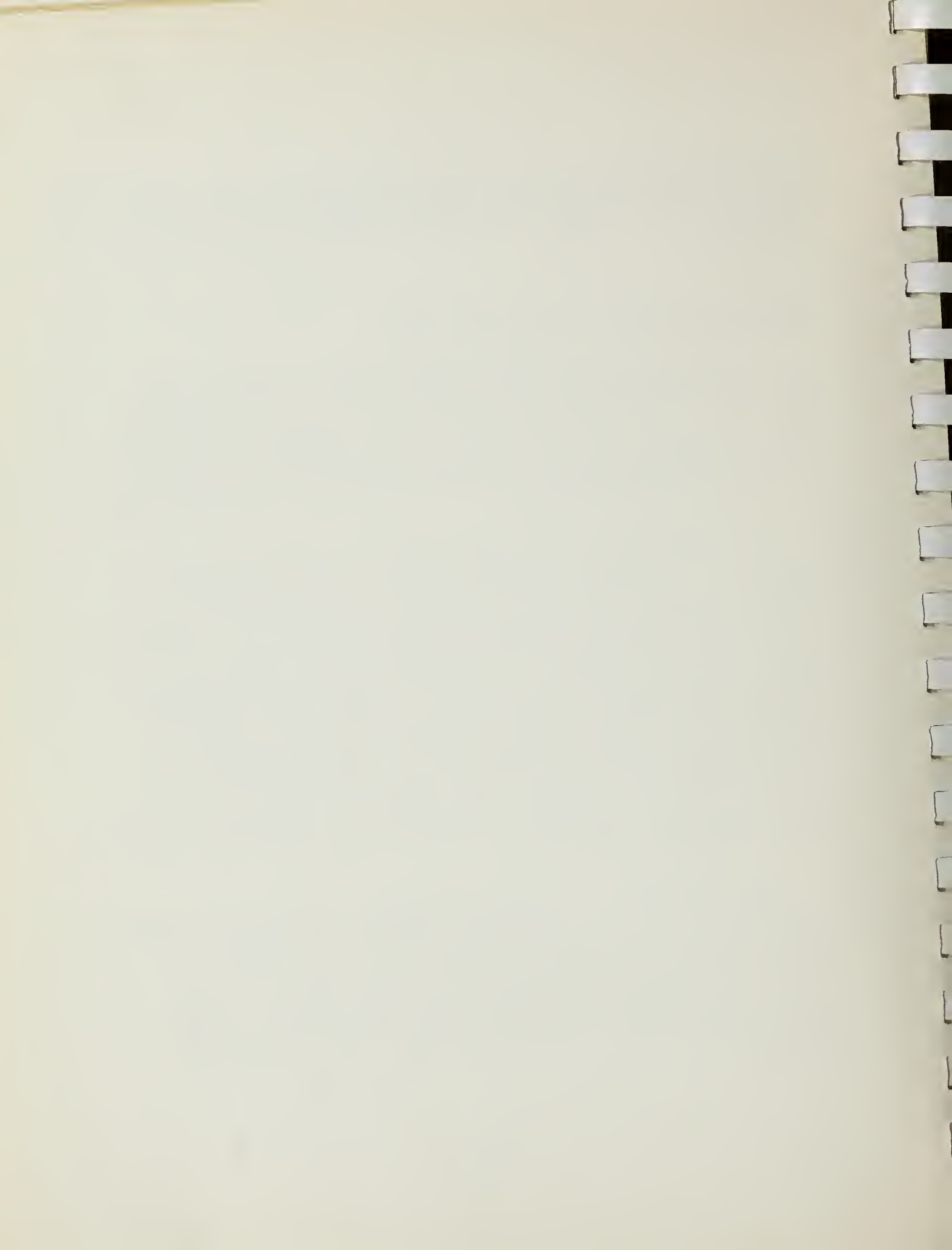


Table 40

YERBA BUENA CENTER REDEVELOPMENT PROJECT  
ASSESSED VALUATION AND TAX INCREMENT PROJECTIONS

Year Ending June 30	Annual Increments		Total Assessed Value (cumulative)	Assessed Value Over Base of \$11,293,455 <sup>1/</sup>	Annual Tax Revenue Over Base <sup>2/</sup>
	Land	Improvements			
1970	858,900	5,374,755	6,278,653 <sup>3/</sup>	--	-- <sup>4/</sup>
1971	502,962	1,350,000	8,131,617	--	--
1972	845,807	1,344,973	10,322,397	--	--
1973	611,469	12,638,000	23,571,866	12,278,411	1,509,016
1974	1,206,416	9,814,625	34,592,907	23,299,452	2,863,502
1975	867,633	6,713,945	42,174,485	30,881,030	3,795,278
1976	550,916	14,246,650	57,452,301	46,158,846	5,672,928
1977	117,340	11,653,075	69,222,716	57,929,261	7,119,061
1978	--	7,231,850	76,454,566	65,161,111	8,008,300
1979	--	2,861,200	79,315,766	68,022,311	8,359,942
1980	-- <sup>5/</sup>	--	79,315,766	68,022,311	8,359,942

<sup>1/</sup> Base year assessed values of last equalized tax roll (dated July 5, 1965) prior to approval of Redevelopment Plan April 25, 1966.

<sup>2/</sup> At 1969-1970 tax rate of \$12.29 per \$100.

<sup>3/</sup> The land and improvements assessed values for owner participation parcels only taken from 1969-1970 equalized tax rolls. In making the projections for years 1971-1980, the assessed values of owner participation properties were held to this base, even though it may reasonably be expected that they will appreciate. These values contain no allowance for additions or improvements which will be required of all owner participants.

<sup>4/</sup> No possessory interest taxes are included for exhibit hall-sports arena, and public parking garages. These taxes would total about \$558,000 per year based on Economics Research Associates 1966 income projections for these facilities.

<sup>5/</sup> For years 1980-2000 it is assumed there will be no new additions to tax rolls.

Source: San Francisco Redevelopment Agency.



Table 41

YERBA BUENA CENTER ESTIMATED BOND RETIREMENT SCHEDULE A<sup>1/</sup>  
(Thousands)

Year Ending June 30	Beginning Revenue Fund Balance	Operating Income from Facilities <sup>2/</sup>	Hotel Tax Revenues	Interest Earned on Reserve Fund (7 percent)	Tax Increment Revenues <sup>3/</sup>	Balance Available for Debt Service	Interest (7 percent)	Balance Available for Debt Retire- ment	Bonds Outstanding	Bonds Retired	Premiums Paid <sup>4/</sup>	Ending Reserve Fund Balance	Minimum Reserve Requirement <sup>5/</sup>
At delivery		\$4,500 <sup>6/</sup>							\$88,000			\$12,320	\$12,320
1972	\$16,820		\$1,742	\$1,177		\$19,739	\$6,160	\$13,579	80,000			13,579	12,320
1973	13,579		1,846	951	\$1,509	17,890	6,160	11,730	88,000			11,730	6,160
1974	11,730	1,227	1,957	821	2,864	18,599	6,160	12,439	88,000	\$ 5,000	\$338	7,101	5,810
1975	7,101	2,455	2,074	497	3,795	15,922	5,810	10,112	83,000	4,000	260	5,852	5,530
1976	5,852	2,455	2,137	410	5,673	16,527	5,530	10,997	79,000	5,000	313	5,684	5,180
1977	5,684	2,455	2,208	398	7,119	17,864	5,180	12,684	74,000	7,000	420	5,264	4,690
1978	5,264	2,455	2,267	368	8,008	18,362	4,690	13,672	67,000	9,000	518	4,154	4,060
1979	4,154	2,455	2,336	291	8,360	17,596	4,060	13,536	58,000	9,000	495	4,041	3,430
1980	4,041	2,455	2,406	283	8,360	17,545	3,430	14,115	49,000	10,000	525	3,950	2,730
1981	3,950	2,455	2,478	277	8,360	17,520	2,730	14,790	39,000	12,000	600	2,190	1,890
1982	2,190	2,455	2,553	153	8,360	15,711	1,890	13,821	27,000	11,000	523	2,298	1,120
1983	2,298	2,455	2,630	161	8,360	15,904	1,120	14,784	16,000	13,000	585	1,199	210
1984	1,199	2,455	2,708	84	8,360	14,806	210	14,596	3,000	3,000	128	11,468	0

1/ Proceeds from bond sale for construction \$75.68 million.

2/ Based on Economics Research Associates projections.

3/ Based on projections by the San Francisco Redevelopment Agency.

4/ All premiums 7.0 percent in 1973, declining by one-quarter of 1 percent each succeeding year.

5/ Reserve of two years' interest will be provided from the bond proceeds. Bond interest for the first year will be paid from reserve fund. Minimum reserve fund balance after first two years shall be equal to one year's interest on all bonds outstanding.

6/ Represents estimated hotel tax reserve fund.

Source: Economics Research Associates.



Table 42

YERBA BUENA CENTER ESTIMATED BOND RETIREMENT SCHEDULE B<sup>1/</sup>  
(Thousands)

Year Ending June 30	Beginning Revenue Fund Balance	Operating Income from Facilities <sup>2/</sup>	Hotel Tax Revenues	Interest Earned on Reserve Fund (7 percent)	Tax Increment Revenues <sup>3/</sup>	Balance Available for Debt Service	Interest (7 percent)	Balance Available for Debt Retire- ment	Bonds Outstanding	Bonds Retired	Premiums Paid <sup>4/</sup>	Ending Reserve Fund Balance	Minimum Reserve Requirement <sup>5/</sup>
At delivery									\$95,000				\$19,950
1972	\$19,950		\$1,742	\$1,397		\$23,087	\$6,650	\$16,437	95,000			\$16,437	13,300
1973	16,437		1,846	1,151	\$1,509	20,943	6,650	14,293	95,000			14,293	6,650
1974	14,293	\$1,227	1,957	1,001	2,864	21,342	6,650	14,692	95,000	\$6,000	\$405	8,287	6,230
1975	8,287	2,455	2,074	580	3,795	17,191	6,230	10,961	89,000	4,000	260	6,701	5,950
1976	6,701	2,455	2,137	469	5,673	14,435	5,950	11,485	85,000	5,000	313	6,172	5,600
1977	6,172	2,455	2,208	432	7,119	18,386	5,600	12,786	80,000	6,000	360	6,426	5,180
1978	6,426	2,455	2,267	450	8,008	19,606	5,180	14,426	74,000	8,000	460	5,966	4,620
1979	5,966	2,455	2,336	418	8,360	19,535	4,620	14,915	66,000	9,000	495	5,420	3,990
1980	5,420	2,455	2,406	379	8,360	19,020	3,990	15,030	57,000	10,000	525	4,505	3,290
1981	4,505	2,455	2,478	315	8,360	18,113	3,290	14,823	47,000	11,000	550	3,273	2,520
1982	3,273	2,455	2,553	229	8,360	16,870	2,520	14,350	36,000	11,000	523	2,827	1,750
1983	2,827	2,455	2,630	198	8,360	16,470	1,750	14,720	25,000	12,000	540	2,180	910
1984	2,180	2,455	2,708	153	8,360	15,856	910	14,946	13,000	13,000	553	1,393	0

<sup>1/</sup> Proceeds from bond sale for construction \$75.05 million.

<sup>2/</sup> Based on Economics Research Associates projections.

<sup>3/</sup> Based on projections by the San Francisco Redevelopment Agency.

<sup>4/</sup> All premiums 7.0 percent in 1973, declining by one-quarter of 1 percent each succeeding year.

<sup>5/</sup> Reserve of three years' interest will be provided from the bond proceeds. Bond interest for the first year will be paid from the reserve. Minimum reserve fund balance thereafter shall be equal to one year's interest of all bonds outstanding.

Source: Economics Research Associates.





## FINANCING RECOMMENDATIONS

In view of the foregoing analysis, the most viable method of financing the proposed facilities is summarized below:

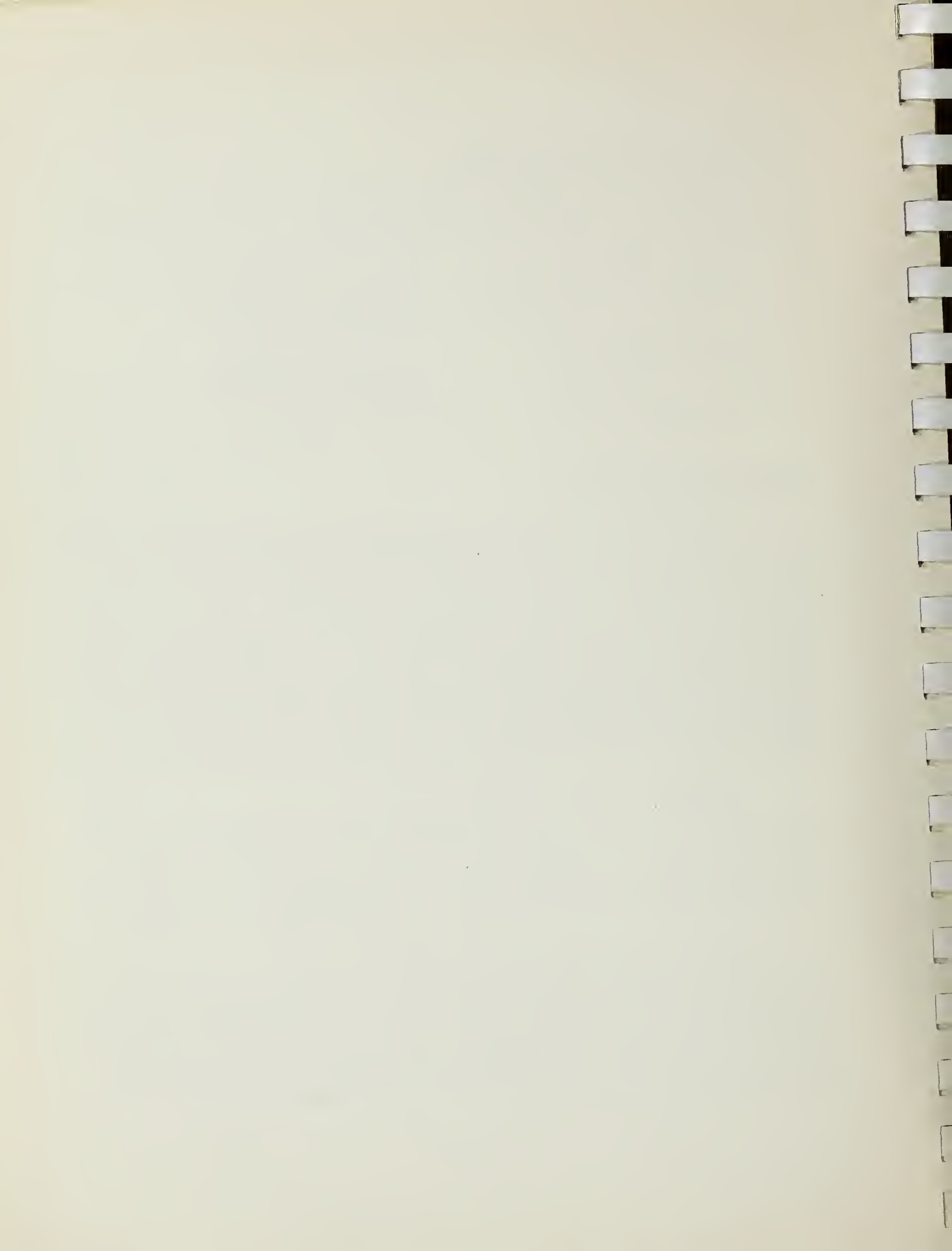
<u>Facility</u>	<u>Recommended Alternative</u>
Exhibit hall-sports arena	Joint Powers Authority or lease revenue bonds
Parking garages	Nonprofit corporation or parking revenue bonds
Theater	Private contribution

### Exhibit Hall-Sports Arena

Joint Powers Authority or lease revenue bonds represent the least costly method of financing the proposed exhibit hall-sports arena. As previously mentioned, general obligation bond financing, which carries a lower interest rate (5.75 percent), is impractical at this time. Under both methods of financing, total debt service requirements are \$3.939 million, which reflects 6.25 percent, 30-year financing. Of the two methods, lease revenue bonds issued by the Redevelopment Agency would give the Agency better control and flexibility during the construction phase of the project. Under both types of financing, the city would lease the facilities for an amount equal to annual debt service requirements. The city's annual obligation would then be reduced by operating income and total tax revenues.

Nonprofit corporation bonds were not recommended, since the net annual cost to the city is considerably higher when compared to the recommended alternative. The higher interest rate (7 percent) on nonprofit corporation bonds is responsible for the higher net annual cost to the city. The annual debt service requirement under this alternative is \$4,386,000 or \$327,000 higher annually compared to the recommended alternative.

Tax allocation bonds represent the least desirable and most costly method of financing the proposed facilities. In addition to carrying a 7 percent interest rate, an interest reserve fund equal to three-to-five years' interest must be established from the proceeds of the original bond issue. Therefore, the amount of the original bond issue is considerably higher when compared to alternative methods of financing, which normally fund two-years' interest, assuming an 18-month construction period.



Tax allocation bonds, of those bonds discussed, are the most difficult to sell. In fact, unless all tax allocation revenues from the project are pledged toward retirement of the bonds, they are virtually impossible to sell.

### Parking Garages

The recommended method of financing the parking garages is non-profit corporation or parking revenue bonds. Annual debt service requirements under both methods is \$2.2 million, which reflects 7 percent, 30-year financing. This amount will be reduced annually by an estimated \$1,855,000--the operating revenues generated from the garages. Based on a 1969-1970 assessed valuation of \$2.2 billion, the net annual cost to the city is \$0.02 per \$100 of assessed valuation. To float a bond issue of this magnitude (\$28.1 million), the city must be committed to a lease on the garages.

The city has successfully financed the majority of the municipal garages with nonprofit corporation bonds. To date, the Parking Authority has not issued any parking revenue bonds. While both financing alternatives carry a similar interest rate, nonprofit corporation bonds, from the city's point of view, may be preferable due to their proven success in terms of financing parking garages.

While tax allocation bonds carry a similar interest rate, for reasons discussed in the preceding paragraph, they are not recommended as a potential financing method.

### Theater

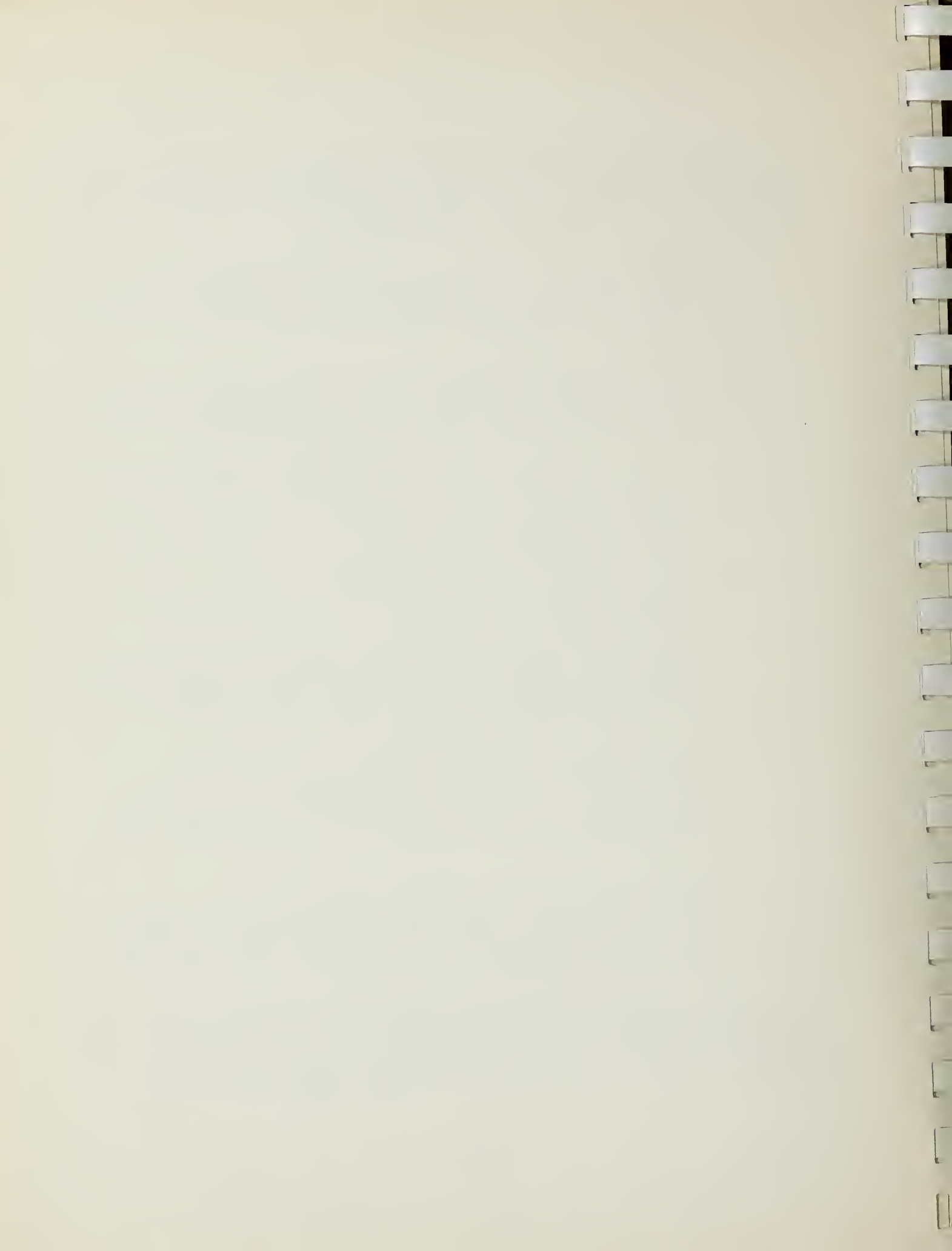
In other communities, strong financial support for projects of this type has come from fund-raising drives organized by interested persons and from gifts of residents and business firms either in cash or as special equipment and furnishings for the facility. Since simultaneous construction of the theater with other facilities is not imperative and operating revenues contribute little to annual debt service, the city may be reluctant to commit itself to a lease on the facility. Therefore, an organized drive in the community to raise \$4.136 million for construction of the theater represents the best alternative.



With regard to private fund-raising campaigns, the following eight points of counsel were given to the California Institute of the Arts by the director of the Tyrone Guthrie Theater in Minneapolis, following completion of a drive to raise \$2 million for their facility:

1. Solicit by mail those persons whose educational level makes them prime prospects for supporting the arts (that is, doctors, attorneys, other professional people, members of various civic groups, and the like).
2. Use all available media for public relations efforts: newspapers, radio (FM and AM), television, regional magazines. The role of the newspaper is vital to the campaign.
3. Establish a sound legal basis for the fund-raising organization.
4. Solicit at least 25 percent of the goal in large contributions before announcing the drive.
5. Hire an independent auditor to check all gifts received and expenses incurred.
6. Avoid high fund-raising costs by not employing a professional fund-raiser. (Tyrone Guthrie Theater incurred only \$85,000 in expenses while raising \$2.5 million, which amounts to 3 percent of the total amount raised.)
7. Approach a major contributor only through an individual of equal, or preferably higher, social and/or economic status. The proposed facility's board of directors must assume this responsibility and the board itself must include people in these categories.
8. Plan to raise at least 75 percent of the desired funds from major contributors. One-fourth of the goal might be obtained from contributors of \$10.00 to \$100. It is important to have the widespread support represented by small contributions.

Mention should be made of the possibility of financing some portion of the capital cost through private contributions and a bond issue. Normally, net income can be used to support a sizable bond issue. However, the projected net income for the theater is \$34,000. Based upon the usually





accepted lending-to-income relationship of 10:1 for revenue bonds, an issue of only \$340,000 could be supported, which represents less than 10 percent of estimated construction cost. Assuming issuance of nonprofit corporation bonds for every \$100,000 raised, the annual debt service requirement is reduced by \$8,200. In addition, the city may be more willing to participate in the financing of the theater if there is substantial public contribution and interest.





## SECTION VII

### EVALUATION OF ESTIMATED CONSTRUCTION COSTS

#### TOTAL COSTS

Facility costs for the complex have been estimated by a construction cost consultant on the basis of architectural sketches provided by an urban design team. As detailed engineering drawings and specifications are not available, the estimates are representative, rather than definitive. Based upon prevailing wage and material costs in San Francisco during January 1969, ERA considers these estimates sufficiently accurate for planning purposes. ERA has further projected the costs to 1980 (please see Table 43), based upon trends in wage and material costs in the city since 1949.<sup>1/</sup> Separate projections are shown for the exhibit hall-meeting room complex, sports arena, parking garages, and theater. All estimations do not include land acquisition and financing costs, architect's fees, or other minor common facility costs.

The construction cost estimates for the current year have been based on experience at recently constructed facilities in other cities, adjusted for time and location. Such costs for the respective facilities are presented in Tables 44 to 47.

Comparison of Yerba Buena Center cost estimates with the adjusted costs of the other facilities suggests that the exhibition hall and sports arena are generally in line with the accepted concept of such public facilities in other cities. The comparison further reveals that the theater, as visualized, should cost somewhat less than those in other cities; the parking garage appears to be relatively expensive.

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<sup>1/</sup> The projections are based upon a 1 percent increase during 1969, a 2 percent increase during 1970, and a 4.5 percent annual increase during the remainder of the period. During 1968, wage and material costs in San Francisco rose 9.2 percent. ERA assumes this sharp rise will check further increases until 1971.



Table 43

PROJECTED COSTS OF FACILITIES  
WITHIN YERBA BUENA CENTER TO 1980<sup>1/</sup>  
(Millions)

Facility	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Exhibition hall-meeting rooms	\$26.40	\$26.63	\$27.16	\$28.39	\$29.66	\$31.00	\$32.39	\$33.85	\$35.37	\$36.96	\$38.61	\$ 40.35
Sports arena	11.20	11.31	11.54	12.06	12.60	13.17	13.76	14.38	15.03	15.70	16.41	17.15
Theater	4.14	4.18	4.26	4.45	4.65	4.86	5.08	5.31	5.55	5.80	6.06	6.33
Parking garages	<u>24.13</u>	<u>24.37</u>	<u>24.85</u>	<u>25.97</u>	<u>27.14</u>	<u>28.36</u>	<u>29.64</u>	<u>30.97</u>	<u>32.37</u>	<u>33.82</u>	<u>35.34</u>	<u>36.94</u>
Total	\$65.87	\$66.49	\$67.81	\$70.87	\$74.05	\$77.39	\$80.87	\$84.51	\$88.32	\$92.28	\$96.42	\$100.77

<sup>1/</sup> The projections are based upon a 1 percent increase during 1969, a 2 percent increase during 1970, and a 4.5 percent annual increase during the remainder of the period. During 1968, wage and material costs in San Francisco rose 9.2 percent. ERA assumes this sharp rise will check further increases until 1971.

Source: Economics Research Associates.



Table 44

REPRODUCTION COSTS OF SELECTED SPORTS ARENAS  
IF BUILT IN SAN FRANCISCO

	University of Michigan Arena	Los Angeles Sports Arena	Portland Coliseum	Philadelphia Spectrum Arena	The Forum (Inglewood)	Oakland- Alameda County Arena	Yerba Buena Center
Cost per permanent seat	\$428 <sup>1</sup> /	\$580 <sup>2</sup> /	\$600 <sup>2</sup> /	\$667 <sup>1</sup> /	\$684	\$624 <sup>3</sup> /	\$800 <sup>3</sup> /
Base year of cost	1967	1959	1960	1967	1967	1967	--
Reproduction cost in San Francisco at base year of cost	\$424	\$570	\$612	\$750	\$761	\$624	\$800
Reproduction cost in San Francisco, October 1969	\$462	\$866	\$924	\$820	\$832	\$682	\$800

<sup>1</sup>/ Actual cost at time of completion including equipment, architect, and engineering fees, but excluding land and financing charges.

<sup>2</sup>/ Excludes equipment.

<sup>3</sup>/ Estimated cost.

Sources: Financial records, Los Angeles Memorial Coliseum Commission; International Association of Auditorium Managers, Auditoriums and Arenas; Kaiser engineers' estimate of costs; Oakland Arena; The University of Michigan; The Spectrum Arena; The Forum; Engineering News Record, index of building costs; and Economics Research Associates.





Table 45

REPRODUCTION COSTS OF SELECTED EXHIBIT FACILITIES  
IF BUILT IN SAN FRANCISCO  
(Millions)

	Houston Astrohall	Cobo Hall (Detroit)	Civic Center Grand Hall (Philadelphia)	Minneapolis Convention Center	McCormick Place (Chicago)	Los Angeles Convention and Exhibit Center	Yerba Buena Center
Cost per square foot of usable exhibit space <sup>1/</sup>	\$12.50 <sup>2/</sup>	\$60.00	\$72.55	\$ 74.00	\$38.60 <sup>3/</sup>	\$82.47 <sup>5/</sup>	\$75.43 <sup>4/</sup>
Base year of cost	1966	1960	1967	1965	1969	1969	--
Reproduction cost in San Francisco at base year of cost	\$14.38	\$54.84	\$80.89	\$ 82.58	\$37.83	\$90.11	\$75.43
Reproduction cost in San Francisco, October 1969	\$17.63	\$82.81	\$88.41	\$101.24	\$37.90	\$90.11	\$75.43

<sup>1/</sup> Actual cost at time of completion, including equipment, architect, and engineering fees, but excluding land and financing charges.  
<sup>2/</sup> Cost of building only.

<sup>3/</sup> Contract cost including readjustments to September 1969 for this incomplete facility; excludes equipment. Cost is on a gross square footage basis.

<sup>4/</sup> Estimated cost.

<sup>5/</sup> Contract cost.

Sources: Astrodome; cities of Detroit, Philadelphia, and Minneapolis; McCormick Place; Engineering News Record, index of building costs; and Economics Research Associates.



Table 46

REPRODUCTION COSTS OF SELECTED THEATERS  
IF BUILT IN SAN FRANCISCO

	New York State Theater (Lincoln Center)	Vivian Beaumont Theater (Lincoln Center)	Ahmanson Theater Los Angeles Music Center	O'Keefe Center Theater (Toronto)	Jesse Jones Hall of Performing Arts (Houston)	Clowes Memorial Hall (Butler University)	San Diego Civic Theater	Arizona State University Theater- Auditorium	Yerba Buena Center
Cost per seat <sup>1/</sup>	\$7,000	\$7,400	\$3,000	\$1,700	\$2,500	\$1,900	\$1,700	\$1,000	\$1,900
Capacity	2,700	1,389	2,100	3,200	3,000	2,200	3,000	3,000	2,200
Base year of cost	1964	1965	1964	1960	1966	1964	1965	1964	--
Reproduction cost in San Francisco at base year of cost	\$6,000	\$6,600	\$3,200	\$2,100	\$2,900	\$2,100	\$1,700	\$1,000	\$1,900
Reproduction cost in San Francisco, October 1969	\$7,800	\$8,100	\$4,200	\$3,200	\$3,400	\$2,700	\$2,100	\$1,300	\$1,900

<sup>1/</sup> Includes equipment and all fees, but excludes land.

Sources: Architectural Forum, records of facilities; and Economics Research Associates.



Table 47

COMPARATIVE CONSTRUCTION COSTS OF  
SAN FRANCISCO GARAGES

Facility	Cost per Stall		
	Actual Cost	Year of Construction	Adjusted to October 1969 <sup>1/</sup>
St. Mary's Square	\$2,777	1954	\$5,235
Fifth and Mission	1,971	1958	3,088
Sutter-Stockton	3,948	1960	5,961
Civic Center Plaza	3,080	1960	4,651
Portsmouth Square	4,000	1962	5,568
Japanese Cultural Center	4,110	1967	5,031
Golden Gateway	5,045	1966	5,696
Fifth and Mission extension <sup>2/</sup>	2,900	--	2,900
Yerba Buena Center <sup>3/</sup>	6,032	--	6,032

<sup>1/</sup> Engineering News Record, building cost index.

<sup>2/</sup> Bid price.

<sup>3/</sup> Estimated cost.

Sources: City and County of San Francisco Parking Authority.



### Estimated Cost of Sports Arena

ERA found that the public is willing to support a sports arena that is uniformly high quality in its construction. This is particularly true in major metropolitan areas in which interest in sports runs high, but which do not have buildings which can be used for a variety of sports activities. The projected \$800 per seat cost for the Yerba Buena Center Sports Arena compares favorably with estimated reproduction costs of other facilities throughout the United States. As shown in Table 47, the cost estimate for the Yerba Buena Center Sports Arena is approximately \$110 per seat higher than the estimated reproduction cost of the Oakland Alameda County Arena, however, the \$800 per seat estimate is lower than the estimated reproduction costs for both the Los Angeles Sports Arena and the Forum.

### Estimated Cost of Exhibition Hall

Evaluation of the Yerba Buena Center Exhibit Hall in terms of comparative facilities was more difficult than for the sports arena in view of the very limited number of recently constructed exhibition facilities of comparable size and function in the United States. The Houston Astrohalls, for example, though presently used as a convention/show facility, was originally designed as a livestock exposition hall. Cost of equipment, refitting, and architect and engineering fees, although raising Astrohalls' adjusted cost by approximately \$10 to \$15 per square foot of net usable space, still keeps the facility's costs considerably below those of the proposed Yerba Buena Center Exhibit Hall. On the other hand, Astrohalls cannot be considered a high-quality exhibition facility, such as either the subject building or Cobo Hall in Detroit, which some of ERA's professional sources indicated sets the standard for facilities of this type. The estimated cost of the Yerba Buena Center facility is quite in line with the adjusted cost of Cobo Hall.

### Estimated Cost of Theater

The estimated cost of the proposed theater in Yerba Buena Center appears low when compared with recently constructed theaters in other U.S. cities. However, discussions with architects indicate that there is no reasonably uniform nationwide standard as to the concept of theater design and construction. For example, the Ahmanson Theater in the Los Angeles Civic Center complex can be characterized by its very lush use of quality materials. Insistence upon this very high





standard of construction has also caused well above-average per seat costs for theaters in Lincoln Center. Alternatively, Houston has been able to erect a quality theater for the performing arts at a relatively low per-seat cost. As initially envisioned, costs of the proposed theater will be on the low side of the range currently being experienced by civic theaters in the country.

#### Estimated Cost of Garage

Table 50 indicates that the estimated cost of the proposed garage facility in Yerba Buena Center does not compare favorably with other major parking facilities in San Francisco. Discussions with architects specializing in parking facility design indicated that the per-stall costs of recently constructed garages in Los Angeles, on an adjusted basis, are lower than those in San Francisco. The major factor contributing to the high cost estimate for Yerba Buena Center garage is the spiral ramps, which must rise approximately 80 feet before servicing the lowest parking level.



## Appendix A



Appendix Table A-1

OPERATING EXPENSE ANALYSIS  
SELECTED PARKING GARAGES  
1967-1968

	<u>Fifth and Mission</u>		<u>Civic Center Plaza</u>		<u>Sutter Stockton</u>		<u>Portsmouth Square</u>		<u>Ellis O'Farrell</u>	
	<u>1966-1967</u>	<u>1967-1968</u>	<u>1966-1967</u>	<u>1967-1968</u>	<u>1966-1967</u>	<u>1967-1968</u>	<u>1966-1967</u>	<u>1967-1968</u>	<u>1966-1967</u>	<u>1967-1968</u>
Total stalls	1,472	1,472	840	840	870	870	504	504	760	760
Operating expenses										
Payroll										
Total	\$192,000	\$200,000	\$93,000	\$100,000	\$159,000	\$159,000	\$117,000	\$123,000	\$224,000	\$241,000
Per stall	\$130	\$136	\$111	\$119	\$183	\$183	\$232	\$244	\$295	\$317
Percentage of gross revenues	29%	30%	31%	35%	24%	24%	23%	23%	46%	45%
All other expenses										
Total	\$110,000	\$122,000	\$35,000	\$43,000	\$146,000	\$129,000	\$72,000	\$86,000	\$130,000	\$133,000
Per stall	\$75	\$83	\$42	\$51	\$168	\$148	\$143	\$171	\$171	\$175
Percentage of gross revenues	17%	18%	12%	14%	22%	22%	14%	16%	27%	25%
Total expenses	\$302,000	\$322,000	\$128,000	\$143,000	\$288,000	\$305,000	\$189,000	\$209,000	\$354,000	\$374,000
Per stall	\$205	\$219	\$153	\$170	\$351	\$331	\$375	\$415	\$466	\$492
Percentage of gross revenues	46%	48%	43%	49%	46%	46%	37%	39%	73%	70%

Source: Parking Authority, City and County of San Francisco.





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